
BUSINESS

OVERVIEW

We are a pharmaceutical company with an established track record in drug development and commercialization. Through years of continuous effort, we have established an integrated operational system encompassing the pharmaceutical value chain from R&D and manufacturing to commercialization. Drawing on this foundation, we are actively expanding our capabilities with a strategic focus on innovative drugs targeting major diseases and critical illnesses.

Since our establishment, we have concentrated our R&D efforts in key therapeutic areas including immunology and inflammation, pain management, oncology, and other chronic conditions. Our expertise in disease biology has enabled us to advance four Category I innovative drugs and three Category II modified new drugs into clinical trials. Meanwhile, we have successfully commercialized more than ten drug products in China, including: Xiweina (希为纳[®]), the only domestically developed sivelestat sodium approved in China; Zuoyu (佐愈[®]), China’s first domestically developed Category II levofolinic acid; and two first-to-market generic drugs in China, including Dinuoan (蒂诺安[®], dienogest tablets) and Qianweitai (前卫泰[®], silodosin capsules). We remain committed to developing safe, effective and economically accessible therapies that deliver high clinical value.

Since our inception in 2004, we have established our proprietary technology platforms, integrated manufacturing systems, and a comprehensive sales network — creating a foundation for the R&D and commercialization of innovative drugs. Since 2018, we have gradually recalibrated our strategic focus toward innovative drug development. We currently pursue an innovation-centric business model that drives our long-term growth. Meanwhile, we leverage our marketed products to provide revenue streams, mitigate inherent risks of novel drug development. This balanced approach brings sustainable funding for our R&D initiatives while maintaining commercial resilience as we advance our innovation strategy.

As of the Latest Practicable Date, we had successfully launched over ten drug products. Meanwhile, we are developing multiple drug candidates targeting unmet clinical needs across our focus therapeutic areas.

Our Marketed Products

The following table sets forth the key information of our key marketed products as of the Latest Practicable Date.

BUSINESS

Therapeutic Areas	Brand Name	Drug Name	Registration Category	Included in NRDL	Included in YBP	Indication	Approval Date	Description
Immunology and inflammation	Xiweina 希为纳® 	Sivelestat sodium for injection	Category III	No	No	acute lung injury/acute respiratory distress syndrome (“ALI/ARDS”)	March 2020	Sivelestat sodium is currently the only approved drug globally indicated for SIRS-associated ALI/ARDS. As the first and only domestically developed sivelestat sodium in China, Xiweina offers an important treatment option in the pharmacological management of ALI/ARDS.
Oncology	Zuoyu 佐愈® 	Levofolonic acid for injection	Category II	No	No	metastatic colorectal cancer (“mCRC”) in combination with 5-fluorouracil, rescue after high-dose methotrexate administration, reduction of toxicity caused by excessive use of folate antagonists or impaired elimination of methotrexate	June 2021	Zuoyu is China’s first domestically developed Category II levofolonic acid with dominant market share (>90%) in the sodium levofolinate market.
	Pirui 匹瑞® 	Temozolomide for injection	Category III	Yes, Part B	Yes	Glioblastoma multiforme, anaplastic astrocytoma	September 2021	Temozolomide is recommended as a first-line treatment for glioblastoma and anaplastic astrocytoma. Pirui is formulated without polysorbate 80, an excipient used in the originator drug, potentially reducing the risk of hemolysis and enhancing convenience for clinical use.
	Weidagan 卫达甘® 	Azacitidine for injection	Category IV	Yes, Part B	Yes	Myelodysplastic syndromes (“MDS”), chronic myelomonocytic leukemia, (“CMML”), acute myeloid leukemia (“AML”)	June 2021	Azacitidine is a hypomethylating agent used as first-line therapy for MDS, CMML, AML. Weidagan’s optimized manufacturing process minimizes impurities and degradation products while extending shelf life to 36 months.
Other chronic conditions	Kangnairui 康迈瑞® 	Ticagrelor tablets	Category IV	Yes, Part B	Yes	acute coronary syndrome (“ACS”), atherothrombosis	September 2019 (90mg), July 2020 (60mg)	Ticagrelor is the only direct-acting P2Y ₁₂ inhibitor that has been approved in China, earning first-line recommendation in leading ACS guidelines, both domestically and internationally.

BUSINESS

Therapeutic Areas	Brand Name	Drug Name	Registration Category	Included in NRDL	Included in YBP	Indication	Approval Date	Description
		Rivaroxaban tablets	Category IV	Yes, Part B	Yes	Venous thromboembolism (“VTE”), deep vein thrombosis (“DVT”), pulmonary thromboembolism (“PTE”)	December 2020	Li'erban is a generic rivaroxaban tablet indicated for the treatment and prevention of VTE. Rivaroxaban tablets are the world's first oral direct Factor Xa inhibitor and among the preferred anticoagulants recommended by both domestic and international clinical guidelines.
		Dienogest tablets	Category IV	Yes, Part B	No	Endometriosis	June 2021	Dinuo'an is the first domestic generic dienogest tablet to achieve commercialization in China. Dienogest has received first-line recommendation in both domestic and international clinical guidelines.
		Avanafil tablets*	Category III	No	No	Erectile dysfunction	May 2021	Xiaoxiong is the first domestic generic avanafil tablet to achieve commercialization in China. Avanafil is recommended as first-line therapy for erectile dysfunction by European Association of Urology guidelines.
		Sildenafil capsules	Category IV	Yes, Part B	Yes	Benign prostatic hyperplasia (“BPH”)	July 2021	Qianweitai is the first generic sildenafil approved in China. Sildenafil is a new-generation ultra-selective α 1A-adrenoceptor antagonist, recommended as first-line therapy for BPH/LUTS by domestic and international guidelines.
		Empagliflozin and metformin hydrochloride sustained-release tablets	Category III	No	No	Type 2 diabetes mellitus	February 2025	Enketang is the second domestically approved fixed-dose combination sustained-release formulation combining empagliflozin and metformin.

* *Note:* Besides avanafil tablets, we have also commercialized two Category IV drugs, namely sildenafil citrate tablets and tadalafil tablets, under the brand name of Xiaoxiong.

BUSINESS

Our key marketed products include:

Xiweina 希为纳® (Sivelestat Sodium for Injection)

Sivelestat sodium is currently the only approved drug globally indicated for systemic inflammatory response syndrome (“SIRS”)-associated acute lung injury (“ALI”)/acute respiratory distress syndrome (“ARDS”). As the first and only domestically developed sivelestat sodium in China according to Frost & Sullivan, Xiweina addresses a critical unmet need in the pharmacological management of ALI/ARDS, offering a treatment option for patients with severe respiratory conditions. We obtained marketing approval for Xiweina as a Category III chemical drug through the NMPA’s priority review pathway in March 2020.

Sivelestat sodium has received recommendations from multiple authoritative domestic and international guidelines and expert consensus statements. Clinical evidence demonstrates its multifaceted benefits, including effective improvement of lung injury, enhanced oxygenation index, shortened mechanical ventilation and ICU stay duration, increased patient survival rates, and reduced mortality risk, while maintaining a favorable safety profile and good patient tolerability.

Zuoyu 佐愈® (Levofolinic Acid for Injection)

With 5-Fluorouracil (“5-FU”) remaining a cornerstone chemotherapy for colorectal cancer and other gastrointestinal tumors, levofolinic acid meets the growing demand for safer, more effective chemotherapy enhancers. Zuoyu, as China’s first domestically developed Category II levofolinic acid, is uniquely positioned to capture this opportunity. We obtained marketing approval for Zuoyu from the NMPA in June 2021. With only two sodium levofolate products approved in China, Zuoyu achieved a market share exceeding 90% in 2024, according to Frost & Sullivan.

Zuoyu’s sodium-based formula — unlike traditional calcium salt formulation — enables direct co-infusion with 5-FU, which enhances clinical efficiency while improving overall safety. Meanwhile, its patent-protected freeze-dried powder formulation demonstrates clinically meaningful improvements over the originator drug’s solution formulation, including superior purity profile (fewer known and unknown impurities), enhanced stability by circumventing heat-induced degradation during sterilization, and reduced safety risks — all while achieving therapeutic equivalence as a ready-to-use powder with extended shelf life.

Kangmairui 康迈瑞® (Ticagrelor Tablets)

Kangmairui is a generic ticagrelor tablet indicated for patients with acute coronary syndrome (“ACS”) to reduce the incidence of thrombotic cardiovascular events. Ticagrelor, a blockbuster oral antiplatelet agent, is a direct acting, reversibly binding P2Y₁₂ inhibitor. Notably, ticagrelor demonstrates superior efficacy to clopidogrel by significantly reducing cardiovascular mortality in ACS patients receiving background aspirin therapy, earning first-line recommendation in leading ACS guidelines, both domestically and internationally. We obtained marketing approvals for Kangmairui from the NMPA in September 2019 (90mg) and July 2020 (60mg).

Li'erban 利尔班® (Rivaroxaban Tablets)

Li'erban is a generic rivaroxaban tablet indicated for the treatment and prevention of venous thromboembolism (“VTE”), including deep vein thrombosis (“DVT”) and pulmonary thromboembolism (“PTE”), providing patients with an affordable, high-quality treatment option. Rivaroxaban tablets are the world’s first oral direct Factor Xa inhibitor and among the preferred anticoagulants recommended by both domestic and international clinical guidelines. We obtained marketing approval for Li'erban in China in December 2020.

BUSINESS

Dinuo'an 蒂诺安® (Dienogest Tablets)

Dinuo'an is the first domestic generic dienogest tablet to achieve commercialization in China indicated for endometriosis, according to Frost & Sullivan. Dienogest holds first-line recommendation in both domestic and international clinical guidelines for the treatment of endometriosis and related conditions. We obtained marketing approval for Dinuo'an in China in June 2021.

Our Pipeline

The following chart sets forth the key information of our selected pipeline products as of the Latest Practicable Date, all of which were undergoing clinical trials or preclinical research in China.

	Product Number/ Name	Target/Mechanism of Action	Registration Category	Indications	Pre-clinical	IND Application	Phase I	Phase II	Pivotal/ Phase III	NDA Marketing Approval	Upcoming Milestone
Pain	HL-1186★	Nav1.8	Category I	Moderate-to-severe postoperative acute pain				(1)			Phase IIb trial initiation: 2026Q2
				DPNP							Phase II trial completion: 2027H1
				Osteoarthritis pain							Phase II trial initiation: 2026H2
Immunology and Inflammation	YD0293★	DPP1	Category I	CRSsNP							Phase IIa trial completion: 2026Q2
	H057★	Neutrophil Elastase	Category II	Moderate-to-severe CAP							Phase II trial initiation: 2027H1
				Acute exacerbation of bronchiectasis							Phase II trial completion: 2027H2
	YD0743	Undisclosed	Category I	Sepsis							Phase II trial completion: 2027H2
				PALI							Phase II trial initiation: 2027H1
Other chronic conditions	YD6390	PDE4B	Category I	IBD							Phase I trial completion: 2026Q2
	H077	α1A-adrenergic receptor	Category II	BPH							Phase III trial completion: 2028H1
	H062	ARNI/ARB/CCB	Category II	Resistant hypertension							Phase III trial completion: 2027H1
	HL-2626	5-HT2A receptor	Category I	MDD/TRD							IND submission: 2026H2
	azisartan and amlodipine tablet	ARB/CCB	Category III	Resistant hypertension							Commercial launch
	dienogest tablet	PGR	Category III	Adenomyosis							Market approval: 2026H2
	relugolix tablet	GnRHR	Category III	Uterine fibroids							ANDA submission: 2026Q2

★ Key Products

Abbreviations: 5-HT2A receptor = 5-hydroxytryptamine receptor 2A; ANDA = Abbreviated New Drug Application; ARB = Angiotensin-Receptor Blocker; ARNI = Angiotensin Receptor Neprilysin Inhibitor; BPH = Benign Prostatic Hyperplasia; CAP = Community-Acquired Pneumonia; CCB = Calcium Channel Blocker; CRSsNP = Chronic Rhinosinusitis without Nasal Polyps; DPNP = Diabetic Peripheral Neuropathic Pain; DPP1 = Dipeptidyl-Peptidase 1; GnRHR = Gonadotropin-Releasing Hormone Receptor; IBD = Inflammatory Bowel Disease; IND = Investigational New Drug; Nav1.8 = Voltage-Gated Sodium Channel 1.8; MDD = Major Depressive Disorder; NDA = New Drug Application; PALI = Postoperative Acute Lung Injury; PDE4B = Phosphodiesterase 4B; PGR = Progesterone Receptor; TRD = Treatment-Resistant Depression

Note:

- (1) For postoperative acute pain, we have completed two clinical trials: (i) a Phase IIa trial in postoperative acute pain in January 2026, and (ii) a Phase IIa trial in acute pain following abdominal surgery in March 2026. We plan to initiate two Phase IIb trials for postoperative acute pain focusing on abdominal and orthopedic surgeries, respectively, in the second quarter of 2026.

BUSINESS

Our key pipeline products include:

HL-1186: Novel Nav1.8 inhibitor to treat acute and chronic pain

HL-1186 is a Category I innovative drug candidate and a highly selective voltage-gated sodium channel 1.8 (“**Nav1.8**”) inhibitor. As a novel non-opioid analgesic, it represents a therapeutic advancement by targeting Nav1.8 — a key pain-signaling channel located predominantly in peripheral nerves and are minimally expressed in the brain — thereby avoiding interference with central nervous system (“**CNS**”) functions or cardiac channels. HL-1186 is China’s first Nav1.8 inhibitor undergoing clinical studies targeting both acute and chronic pain indications, according to Frost & Sullivan.

No Nav1.8 inhibitor had been approved in China as of the Latest Practicable Date. Suzetrigine (VX-548) was the only Nav1.8 inhibitor approved globally for the treatment of moderate-to-severe acute pain, demonstrating both the efficacy and broad-spectrum potential of Nav1.8-targeted analgesia. HL-1186 shares structural characteristics with new-generation Nav1.8 inhibitors exemplified by VX-548, while exhibiting superior Nav1.8 inhibitory activity and sodium channel selectivity in preclinical studies across multiple pain models. These findings support HL-1186’s potential as a best-in-class candidate suitable for safe long-term use in pain management, particularly given the growing demand for effective non-opioid alternatives.

YD0293: Novel clinical-stage DPP1 inhibitor for treating CRS

YD0293, a Category I innovative drug candidate, is currently the only dipeptidyl-peptidase 1 (“**DPP1**”) inhibitor under clinical development for the treatment of chronic rhinosinusitis (without nasal polyps) (“**CRSsNP**”) worldwide, according to Frost & Sullivan. By inhibiting DPP1, YD0293 can potentially reduce neutrophil-mediated chronic inflammation and lung damage. Unlike conventional treatments, DPP1 inhibitors can potentially deliver superior safety due to reduced systemic immunosuppression risks, while maintaining advantages of high target specificity, minimal side effects, and sustained long-term efficacy. Based on the preclinical and clinical trial evidence available to date, DPP1 inhibitors represent a promising therapeutic approach for neutrophil-dominated inflammatory diseases, including chronic rhinosinusitis (“**CRS**”), bronchiectasis, chronic obstructive pulmonary disease (“**COPD**”), and asthma.

As of the Latest Practicable Date, no innovative DPP1 inhibitors had been approved in China. *In vitro* studies demonstrate YD0293’s strong inhibitory effect on DPP1 activity with high selectivity, while *in vivo* animal studies support its therapeutic efficacy against CRS, along with good safety and tolerability. Results from YD0293’s Phase I trial in healthy subjects showed YD0293’s favorable Pharmacokinetic (“**PK**”) properties and good drug tolerability in humans.

H057: First and only clinical-stage inhalable sivelestat sodium candidate globally for neutrophil-mediated respiratory disorders

H057 is a Category II modified new drug candidate and the first and only clinical-stage inhalable sivelestat sodium candidate globally, according to Frost & Sullivan. H057 represents a novel modification of Xiweina, our marketed injectable sivelestat sodium product, featuring an inhalable formulation, precise lung delivery route, and expanded respiratory indications. H057’s targeted inhalation delivery potentially achieves superior drug concentrations in the respiratory tract, while reducing systemic side effects such as neutrophil-mediated organ damage, gastrointestinal reactions and CNS toxicity. H057 strategically extends sivelestat sodium’s therapeutic potential to other neutrophil-mediated respiratory diseases, including bronchiectasis and community-acquired pneumonia (“**CAP**”).

BUSINESS

OUR COMPETITIVE STRENGTHS

We are an innovation-driven pharmaceutical company with market-validated commercialization capabilities.

Guided by clinical needs, we consistently prioritize the therapeutic value and competitive positioning of our products. Through years of development, we have established an integrated operational system encompassing the pharmaceutical value chain from R&D and manufacturing to commercialization, providing a robust foundation for our growth. To date, we have successfully commercialized more than ten drug products in China, including: Xiweina (希为纳[®]), the only domestically developed sivelestat sodium approved in China; Zuoyu (佐愈[®]), China’s first domestically developed Category II levofolnic acid; and two first-to-market generic drugs in China, including Dinuoan (蒂诺安[®], dienogest tablets) and Qianweitai (前卫泰[®], silodosin capsules). Over the years, our high-value generic products have become a key source of cash flow that funds innovative drug development, while enhancing our integrated capabilities across R&D, manufacturing, talent development, and sales and marketing through their successful commercialization.

During the Track Record Period, our innovative drug pipeline had steadily gained momentum, including four Category I innovative drugs and three Category II modified new drugs currently under clinical development. Our lead pipeline candidate HL-1186 is a Category I innovative drug and highly selective Nav1.8 inhibitor representing a novel non-opioid analgesic approach. HL-1186 is currently among China’s three most advanced Nav1.8 inhibitors for DPNP in terms of clinical progress, according to Frost & Sullivan. In addition to HL-1186, we are also rapidly advancing multiple differentiated drug candidates with significant clinical and commercial value, exemplified by (i) YD0293, a Category I innovative drug candidate and currently the only DPP1 inhibitor under clinical development for the treatment of CRSsNP worldwide, and (ii) H057, a Category II modified new drug candidate and the first and only clinical-stage inhalable sivelestat sodium candidate globally, representing a novel modification of Xiweina, our marketed injectable sivelestat sodium product.

We have established full-cycle R&D capabilities and proprietary technology platforms underpinned by robust IP protection and talent pool.

Leveraging our synergistic R&D system, we possess the full-cycle capabilities to execute the entire drug development process from drug target screening, drug design and optimization, process and formulation optimization, clinical trials through regulatory filing. Additionally, through continuous R&D and strategic patent positioning, bolstered by our established talent pool, we have forged intellectual property barriers, including 107 issued patents and 109 patent applications as of the Latest Practicable Date. Our R&D team comprised 256 professionals as of December 31, 2025, approximately 45% of whom held master’s or doctoral degrees, providing robust talent support for our innovation initiatives.

We have established four proprietary technology platforms — namely, target screening platform, innovative drug design platform, clinical development platform, and CMC development platform — that encompass all key aspects of drug development. Specifically, our target screening platform systematically evaluates targets based on their biological mechanisms, translational research data, and real-world evidence to select promising candidates with differentiated advantages. Building on this foundation, our innovative drug design platform focuses on therapeutically important small-molecule targets — including G protein-coupled receptors, kinases, and proteases — which regulate critical physiological and pathological processes, enabling the rational design of novel compounds with optimal oral bioavailability and target specificity. Our clinical development technology platform oversees the end-to-end design and execution of clinical trials for innovative

BUSINESS

drugs, incorporating preclinical findings, target mechanisms, and fundamental medical research to optimize trial protocols. Our chemistry, manufacturing and controls (“CMC”) development platform was instrumental to the successful commercialization of marketed products, which is underpinned by several key platform technologies such as API synthesis, solubility enhancement, fixed-dose combination and quality-focused analytical tools.

We possess integrated API-to-drug product manufacturing capabilities, supported by robust production technologies and quality control systems.

We have built an integrated pharmaceutical manufacturing system spanning APIs to finished dosage forms. Our manufacturing infrastructure supports scale-up from clinical-stage production to full commercial operations, a quality management system compliant with international standards which governs the entire manufacturing lifecycle — from drug discovery and raw material qualification through good manufacturing practice (“GMP”) manufacturing, supply chain management, and post-approval safety monitoring.

We currently have one manufacturing site located in Taizhou, Jiangsu equipped with production capabilities covering both APIs and finished dosage forms. Our API facilities feature GMP-compliant production lines for both general and oncology APIs, supporting pilot scale-up through commercial production. For formulations, we have established a solid dosage production facility compliant with GMP standards, with an annual designed capacity capable of supporting all our existing oral-formulation R&D programs from clinical studies through commercial manufacturing. To support our innovative drug development and future commercialization, we are building a new manufacturing site in Zhijiang, Hubei, which is expected to become operational within the next three years.

We demonstrate strong market expansion and commercialization capabilities through operational collaboration across our medical, marketing, and sales functions.

We employ a market-driven drug development strategy that integrates frontline commercial insights into our development decision-making process, creating a closed-loop system between market intelligence and research prioritization. This approach enables continuous identification of clinical needs and the efficient translation of market feedback. Our commercially-informed development model, supported by market analytics and rapid response, positions us to maximize the commercial potential of our product portfolio.

We have established a robust sales and marketing team with over 700 professionals experienced in frontline promotion, who flexibly tailor and implement optimal sales strategies based on product characteristics and clinical applications, driving market penetration and customer coverage. To supplement our in-house sales and marketing capabilities, we also work closely with distributors and third-party promoters to enhance the sales performance, brand recognition and market acceptance of our products. As of December 31, 2025, we had established an extensive distribution network comprising 278 distributors across 31 provinces, autonomous regions, and municipalities in China. As of the Last Practicable Date, our flagship product Xiweina (sivelestat sodium for injection) had reached over 2,500 healthcare institutions across China, validating our commercialization capabilities.

BUSINESS

Our leadership team combines industry experience and deep therapeutic knowledge to advance our long-term innovation.

Our leadership team brings decades of combined experience in clinical development, manufacturing and commercialization, positioning us for continued market success, pipeline innovation, and strategic growth:

- **Mr. Dong Dalun**, our founder and Chairman, oversees our overall management and strategic development. A veteran of China’s pharmaceutical industry with over 30 years of experience, Mr. Dong brings extensive expertise in strategy formulation, business management, and corporate governance. In 1995, he founded Xintian Pharmaceutical and has since served as its chairman of the board. Under his leadership, Xintian Pharmaceutical modernized and expanded its operations, culminating in a successful A-share [REDACTED] on the Shenzhen Stock Exchange in 2017. Mr. Dong holds a bachelor’s degree in biopharmaceutics from Nanjing College of Pharmacy, now China Pharmaceutical University, and an Executive MBA from China Europe International Business School.
- **Dr. Qin Jihong**, our general manager and co-founder, brings over two decades of extensive experience in pharmaceutical research, development and executive management. His professional achievements have been recognized through numerous honors including Jiangsu Province High-Level Entrepreneurial Talent, Shanghai Outstanding Technology Leader, and Shanghai Leading Talent. Dr. Qin has been granted more than 80 patents. He holds a Ph.D. in organic chemistry from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences and an Executive MBA from China Europe International Business School.
- **Dr. Ye Bin**, our deputy general manager overseeing innovative drug R&D, has over 20 years of global experience in innovative drug development. He previously led research teams at MNCs including Bayer HealthCare, Thermo Fisher Scientific, and Hutchison MediPharma, where he spearheaded multiple projects spanning lead compound screening, optimization, clinical development, and business expansion. Dr. Ye played pivotal roles in inventing and developing two approved novel oncology drugs: Elunate[®] (fruquintinib) and Sulanda[®] (surufatinib). With 45 peer-reviewed publications and 50 patents to his credit, Dr. Ye obtained his Ph.D. from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences.
- **Dr. Li Wenhua**, our deputy general manager leading CMC operations and modified new drug development, has over 15 years of pharmaceutical R&D management experience. He has led the successful regulatory approval of 17 drug products and advanced three modified new drugs into clinical studies. Dr. Li has filed more than 80 patent applications worldwide, with over 20 patents granted to date. His achievements have been recognized through the Shanghai Young Science and Technology Talent Program and Shanghai Talent Development Fund. Dr. Li earned his Ph.D. from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences.

Our employees serve as both the foundation for maintaining stable growth amid industry competition and a resource for sustainable advancement. To date, we have built a team of over 1,300 professionals with expertise spanning the pharmaceutical value chain, from drug discovery and clinical development to large-scale manufacturing and commercialization, creating strong synergistic capabilities.

BUSINESS

OUR DEVELOPMENT STRATEGIES

Accelerate the clinical development of our key pipeline products and further enrich our product portfolio

We will continue to rapidly advance our drug candidates and further expand our product portfolio. Specifically, we are implementing the following clinical plans for our key pipeline candidates:

- ***Pain management.*** We are prioritizing the development of HL-1186, our innovative Nav1.8 inhibitor and promising non-opioid analgesic. We are advancing HL-1186 through a multi-indication approach, which allows us to leverage cross-indication data, optimize resource allocation, and accelerate development timelines. As of the Latest Practicable Date, we had completed two Phase IIa trials for HL-1186 for the treatment of postoperative pain and were conducting a Phase II trial for DPNP. We plan to initiate HL-1186’s additional Phase II or Phase IIb trials, including a Phase II trial in osteoarthritis pain, in the second half of 2026.
- ***Immunology and Inflammation.*** We are advancing multiple clinical programs, including (i) YD0293, our innovative DPP1 inhibitor for treating CRS, with a Phase IIa trial initiated in August 2025 for the treatment of CRSsNP and expected to be completed in the second quarter of 2026. We expect to initiate a Phase IIb trial in CRSsNP in the second half of 2026; (ii) H057, our inhalable sivelestat sodium candidate for neutrophil-mediated respiratory disorders, for which we plan to complete Phase II clinical trials in bronchiectasis patients with acute exacerbations in the second half of 2027, and for moderate-to-severe CAP in the first half of 2028; (iii) YD0743, our innovative immunomodulatory agents for sepsis, for which we plan to complete Phase II trial in sepsis patients in the second half of 2027; and (iv) YD6390, our innovative PDE4B inhibitor for inflammatory bowel disease (“**IBD**”), with its Phase I trial in healthy subjects expected to be completed in the second quarter of 2026 and Phase II trial for the treatment of ulcerative colitis expected to be initiated in the second half of 2026.

Our pipeline also includes several innovative drug candidates for other chronic conditions, and preclinical candidates that are expected to enter clinical development in the near future. For programs demonstrating positive results, we intend to actively seek strategic global partnerships to enhance our international commercialization capabilities and maximize the market potential of these assets. Looking forward, we intend to advance at least one drug candidate into clinical trials annually.

Enhance our commercialization capabilities to drive market expansion

We are committed to continuously strengthening our commercialization capabilities. Our approach involves developing tailored go-to-market approaches for each product, optimizing our sales channels in alignment with product development milestones, and solidifying our commercial infrastructure to maximize market penetration. By implementing these measures, we aim to enhance our competitive position for marketed products while enabling rapid uptake of pipeline candidates upon approval.

For our pipeline candidates approaching commercialization, we are conducting market research to optimize launch strategies and build dedicated marketing teams. This proactive preparation facilitates the smooth transition from clinical development to full-scale commercialization for the products. We remain focused on establishing product lifecycle

BUSINESS

management systems, dynamically assessing channel performance, and aligning commercial resources with our evolving product portfolio. We believe these efforts collectively enhance our ability to capture market opportunities across therapeutic areas.

Strengthen our manufacturing capabilities and quality control systems

We plan to further strengthen our manufacturing infrastructure and quality systems. For our strategically important products, we are further investing in our integrated production capabilities from APIs to finished dosage forms, enhancing both operational efficiency and production capacity to deliver stable supply. Simultaneously, we are upgrading our production management system, including incorporating real-time monitoring technologies, deviation management protocols, and continuous process verification to maintain compliance with the stringent international GMP requirements. These enhancements are designed to bring our manufacturing operations in line with global pharmaceutical production standards, while facilitating the commercialization of our pipeline products.

Solidify our talent foundation for sustainable growth

We are committed to strengthening our talent strategy to drive sustainable innovation and long-term growth. With a focus on innovative drug development, we will carry out talent development programs, targeted recruitment of seasoned professionals, and employee-centric retention mechanisms. This comprehensive approach enhances our teams’ diversity and global attributes while establishing a robust talent foundation for our business expansion. Through tailored training systems and career development pathways, we continuously enhance our employees’ professional capabilities and industry expertise. Our objective is to build a high-performing workforce that combines specialized knowledge with broad competencies to address evolving business requirements. Additionally, we have established a structured and competitive compensation and incentive system. This balanced approach is designed to unlock employees’ innovative potential while fostering sustained engagement.

OUR PRODUCTS

We generated revenue primarily from the sales of our marketed products in China during the Track Record Period. The following table sets forth the sales revenue of our key marketed products in terms of revenue contribution in absolute amounts and as percentages of our total revenue for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Xiweina	745,379	75.7	424,049	61.9	370,057	54.0
Zuoyu	23,499	2.4	25,863	3.8	75,635	11.0
Kangmairui	57,459	5.8	70,125	10.2	53,226	7.8
Li’erban	54,387	5.5	60,751	8.9	43,920	6.4
Dinuo’an	70,972	7.2	72,896	10.6	91,815	13.4
Others ⁽¹⁾	33,152	3.4	31,891	4.6	51,189	7.4
Total	984,848	100.0	685,575	100.0	685,842	100.0

Note:

- (1) Primarily includes revenue from sales of other products, including Weidagan, Xiaoxiong and Qianweitai, as well as certain APIs.

BUSINESS

The following table sets forth the sales volume and average selling price of our key marketed products for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(‘000 units)	RMB/unit	(‘000 units)	RMB/unit	(‘000 units)	RMB/unit
Xiweina	3,795	196.4	2,112	200.8	1,855	199.5
Zuoyu	36	652.8	40	646.6	124	610.0
Kangmairui	102,255	0.6	116,772	0.6	82,273	0.6
Li’erban	62,812	0.9	75,389	0.8	60,326	0.7
Dinuo’an	11,205	6.3	11,400	6.4	14,004	6.6

* The units used for average selling price calculation may encompass multiple specifications for certain products, such as Zuoyu, Kangmairui and Li’erban.

For a detailed discussion on our financial performance during the Track Record Period, see “Financial Information.”

Immunology and Inflammation

Immunology and inflammation represent one of our key strategic focus areas. Our marketed product Xiweina (sivelestat sodium for injection) received marketing approval through the NMPA’s priority review pathway in March 2020 and remains the only domestically developed sivelestat sodium approved to date. Building on the clinical and commercial success of Xiweina, we are developing several pipeline products for immunology and inflammation indications, including YD0293 (DPP1 inhibitor), H057 (inhalable sivelestat sodium), YD0743, and YD6390 (PDE4B inhibitor). Collectively, these drug candidates expand our pipeline coverage into disease areas including CAP, CRS, bronchiectasis, sepsis and IBD.

Marketed Product

Xiweina 希为纳® (Sivelestat Sodium for Injection)

ALI/ARDS constitute a major clinical challenge in intensive care medicine, with substantial morbidity and mortality burden. Characterized by sudden-onset lung inflammation and fluid accumulation, ARDS — the most severe subset of ALI — often leads to impaired oxygen exchange and potentially life-threatening respiratory failure. In China, among critically ill patients hospitalized for over 24 hours, ALI/ARDS incidence is estimated at 27.1%, with the aggregate ICU mortality for ARDS patients reaching approximately 34%, according to Frost & Sullivan. These findings underscore the critical need for effective therapeutic interventions, particularly drugs targeting the underlying inflammatory pathophysiology of ALI/ARDS.

Sivelestat sodium was the only drug approved for SIRS-associated ALI/ARDS globally as of the Latest Practicable Date, with Xiweina being the first and only domestically developed sivelestat sodium approved in China, according to Frost & Sullivan. We obtained marketing approval for Xiweina through the NMPA’s priority review pathway in March 2020.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Xiweina amounted to RMB745.4 million, RMB424.0 million and RMB370.1 million, respectively. Demand for Xiweina typically fluctuates in line with the incidence of respiratory conditions that can lead to ALI/ARDS, the primary indications of sivelestat sodium. In particular, the decrease in

BUSINESS

revenue from the sales of Xiweina in 2024 compared to 2023 primarily reflected a normalization in clinical demand following the surge in severe lung infection cases during the COVID-19 pandemic. For details, see “Financial Information — Period to Period Comparison of Results of Operations.”

As of the Latest Practicable Date, Xiweina had not been included in the NRDL. In addition, as Xiweina is the only approved sivelestat sodium developed domestically, it has not been included in the VBP schemes at the national or provincial levels, as the current market competition is insufficient to meet the tendering criteria. See also “Regulatory Overview — Overview of Laws and Regulations in the PRC — Other Laws and Regulations in Relation to Medical Industry — Coverage of the National Medical Insurance System.”

Highlights of the product include:

- First and only domestically developed sivelestat sodium in China. Sivelestat sodium is the only approved drug globally indicated for SIRS-associated ALI/ARDS. Clinical evidence demonstrates its multifaceted benefits, including effective improvement of lung injury, enhanced oxygenation index, shortened mechanical ventilation and ICU stay duration, increased patient survival rates, and reduced mortality risk, while maintaining a favorable safety profile and good patient tolerability. As the first and currently the only domestically developed sivelestat sodium in China, Xiweina addresses a critical unmet medical need in the market. As of the Latest Practicable Date, there was no other injectable sivelestat sodium in clinical development in China, according to Frost & Sullivan.
- Overcoming clinical challenges in ALI/ARDS drug development. Developing treatments for high-mortality conditions like ALI/ARDS involves inherently substantial challenges, from patient enrollment to trial execution, including deaths of critically ill patients, severe complications like hemorrhage, and complex ICU environments. Xiweina underwent rigorous clinical research prior to receiving approval from the NMPA in March 2020. Its successful development and commercialization exemplify our integrated capabilities to systematically address scientific and medical challenges.
- Broad clinical application potential. Sivelestat sodium has received recommendations from multiple authoritative domestic and international guidelines and expert consensus statements. Beyond ALI/ARDS, sivelestat sodium has demonstrated therapeutic benefits in different clinical settings. By effectively modulating neutrophil-mediated inflammation, sivelestat sodium not only reduces lung injury but also shows potential for protecting other organs from inflammation-induced damage, expanding its therapeutic relevance in critical care. For instance, the “Expert Consensus on the Clinical Application of Sivelestat Sodium” (《西維來司他鈉臨床應用專家共識》) recommends its early integration into standard treatment protocols for severe pneumonia with SIRS, sepsis, and patients undergoing extracorporeal circulation surgery.
- Foundation for formulation innovation, indication expansion and pipeline growth. Building on the clinical and commercial success of Xiweina, we are developing H057 as an optimized inhalable formulation of sivelestat sodium, designed to enhance therapeutic outcomes through targeted lung delivery while maintaining the proven neutrophil elastase-inhibition mechanism and expanding into broader respiratory indications (including bronchiectasis and pneumonia). See “— Our Products — Immunology and Inflammation — Selected Pipeline Products — H057.” The development of Xiweina has also deepened our understanding of the neutrophil activation, which prompted us to develop YD0293, an innovative DPP1 inhibitor for CRS. See “— Our Products — Immunology and Inflammation — Selected Pipeline Products — YD0293.”

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Market Opportunities

ALI/ARDS constitute a major clinical challenge in intensive care medicine, with substantial morbidity and mortality burden. The incidence of ALI/ARDS in China was 614.1 thousand cases in 2024 and is estimated to reach 683.8 thousand in 2035. ARDS constitutes the more severe subset of ALI. The ALI/ARDS drug market in China was estimated at approximately RMB13.4 billion in 2024. Driven by an increasing patient population and China’s policy initiatives to enhance critical care medical infrastructure, the ALI/ARDS drug market is expected to reach RMB24.1 billion in 2035 at a CAGR of 5.5% from 2024 to 2035.

As of the Latest Practicable Date, Xiweina, the first domestically developed sivelestat sodium approved in China, was the only therapy approved for SIRS-associated ALI/ARDS in China, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Acute Lung Injury and Acute Respiratory Distress Syndrome.”

Selected Pipeline Products

YD0293: Novel clinical-stage DPP1 inhibitor for treating CRS

YD0293, a Category I innovative drug candidate, is currently the only DPP1 inhibitor under clinical development for the treatment of CRSsNP worldwide, according to Frost & Sullivan. DPP1 is an enzyme responsible for activating neutrophil serine proteases (“NSPs”). By inhibiting DPP1, YD0293 can potentially reduce neutrophil-mediated chronic inflammation and lung damage.

As of the Latest Practicable Date, no innovative DPP1 inhibitors had been approved in China. Results from YD0293’s Phase I trial in healthy subjects showed YD0293’s favorable PK properties and good drug tolerability in humans.

We obtained IND approval from the NMPA in March 2025 to conduct YD0293’s Phase IIa trial for CRSsNP in China. We initiated this Phase IIa trial in August 2025, with trial completion expected in the second quarter of 2026, and plan to initiate a randomized, double-blind, placebo-controlled Phase IIb trial in CRSsNP in the second half of 2026.

Drug Design and Mechanism of Action

DPP1, also known as cathepsin C, is a lysosomal cysteine protease that serves as the primary activator of NSPs, including neutrophil elastase that Xiweina addresses, proteinase 3, and cathepsin G. These enzymes, while essential for pathogen clearance and tissue remodeling in normal physiology, contribute to inflammatory tissue damage when dysregulated. DPP1 is highly expressed in immune cells (such as neutrophils, macrophages, mast cells) and lung tissues, making it an ideal therapeutic target for neutrophil-driven inflammatory disorders such as CRS and bronchiectasis.

YD0293 is a potent and selective small-molecule inhibitor of DPP1 that has demonstrated robust enzymatic inhibition in preclinical studies. DPP1 inhibitors like YD0293 offer a targeted therapeutic approach by specifically inhibiting DPP1 activity to reduce excessive activation of proteases like neutrophil elastase, thereby alleviating airway inflammation, decreasing mucus viscosity, and opening airway passages — ultimately leading to significant symptom relief and reduced acute exacerbations.

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Market Opportunities

In China, CRS is estimated to affect over 100 million people or about 8% of the population. While severely diminishing patients’ quality of life, CRS also consumes substantial medical resources, creating a heavy socioeconomic burden for countries worldwide. The prevalence of CRSsNP in China was 106.8 million cases in 2024 and is estimated to reach 128.9 million in 2035, accounting for 75%~90% of the total CRS cases.

As of the Latest Practicable Date, no innovative DPP1 inhibitors had been approved in China, and YD0293 was the only DPP1 inhibitor candidate specifically targeting CRSsNP worldwide, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Chronic Rhinosinusitis.”

Summary of Clinical Trial Data

We obtained IND approvals from the NMPA in July 2024 and February 2025, pursuant to which we have initiated YD0293’s Phase I clinical trial in healthy subjects and Phase IIa clinical trial in CRS patients, respectively.

Phase I Clinical Trial in Healthy Subjects (CTR20244887; NCT07098091)

This was a Phase I clinical trial to evaluate the safety, tolerability, PK, PD and food effect of YD0293 following single and multiple doses in healthy subjects in China.

Trial design. This trial is divided into single ascending dose (“SAD”) study phase, multiple ascending dose (“MAD”) study phase, and food effect study phase. The SAD study is a single-center, randomized, double-blind, placebo-controlled, single-dose ascending trial. The MAD study is a single-center, randomized, double-blind, placebo-controlled trial.

Trial objectives. The primary objective of this trial is to evaluate the safety and tolerability of YD0293 after single and multiple oral administrations in healthy subjects. The primary endpoints are safety measures including incidence and severity of adverse events (“AEs”) and serious adverse events (“SAEs”), physical examinations, vital signs, clinical laboratory tests (complete blood count, urinalysis, blood biochemistry, coagulation function), and 12-lead electrocardiogram.

Trial progress. This trial was initiated in February 2025 and completed in October 2025.

Safety data. A total of 65 eligible subjects were randomized and 62 subjects dosed. YD0293 was well tolerated by all healthy subjects dosed. No SAEs or AEs of CTCAE grade 3 or higher were reported.

Phase IIa Clinical Trial in CRSsNP Patients (CTR20253465)

This is a single-arm, multicenter study to investigate the efficacy and safety of YD0293 in the treatment of CRSsNP in China.

Trial design. A total of 15 to 30 CRSsNP patients are expected to be enrolled and to receive YD0293 for 12 consecutive weeks of treatment, followed by a four-week safety follow-up.

Trial objectives. The primary objective is to evaluate the efficacy of YD0293 in patients with CRSsNP. The primary endpoints is the change from baseline in Lund-Mackay (LMK) score — a radiological scoring system used to assess the severity of sinus opacification on CT imaging — at Week 12.

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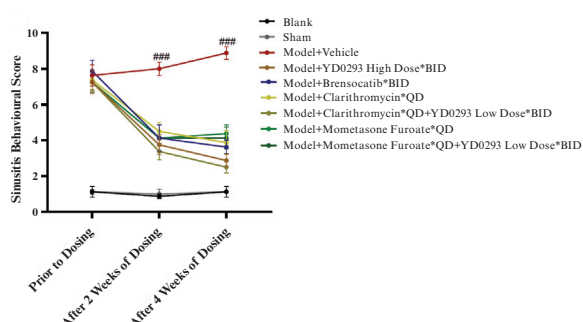
Trial progress. This trial was initiated in August 2025 and is currently ongoing, with 22 patients enrolled as of the Latest Practicable Date.

Summary of Selected Preclinical Data

YD0293 demonstrated potent inhibitory activity against DPP1 in both enzyme and cellular assays, with IC₅₀ values of 3.08 nM and 2.44 nM respectively. Notably, YD0293 exhibited superior inhibitory potency compared to the benchmark DPP1 inhibitor brensocaticib, with the latter showing higher IC₅₀ values of 4.64 nM at the enzyme level and 4.49 nM at the cellular level. These preclinical findings support YD0293’s further development as a DPP1 inhibitor for treating neutrophil-mediated inflammatory conditions.

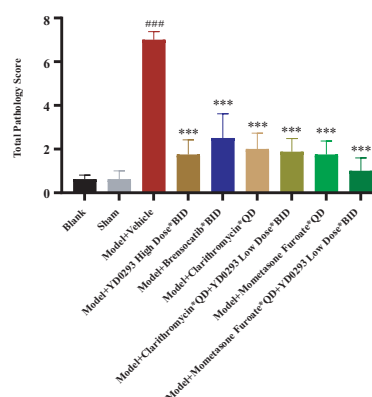
In a rat CRS model, YD0293 significantly reduced sinusitis behavioral symptom scores, improved pathological manifestations of sinusitis, and decreased inflammatory infiltration and ciliary shedding. In terms of overall therapeutic effect, YD0293 at equivalent doses demonstrated comparable efficacy to brensocaticib, with the high-dose treatment showing the best effect superior to the positive control drugs clarithromycin and mometasone furoate nasal spray. Furthermore, low-dose YD0293 used in combination with clarithromycin and mometasone furoate nasal spray demonstrated enhanced therapeutic effect, as illustrated below.

YD0293 improves sinusitis symptom scores in rat CRS model



###P < 0.001 compared to the blank control group; ***P < 0.001 compared to the model + vehicle group.

YD0293 improved histopathological scores in rat nasal mucosa tissues



#P < 0.05, ##P < 0.01, ###P < 0.001 compared to the blank control group; ***P < 0.05, **P < 0.01, *P < 0.001 compared to the model + vehicle group.

H057: First and only clinical-stage inhalable sivelestat sodium candidate globally for neutrophil-mediated respiratory disorders

H057 is a Category II modified new drug candidate and the first and only clinical-stage inhalable sivelestat sodium candidate globally, according to Frost & Sullivan. H057 represents a novel modification of Xiweina, our marketed injectable sivelestat sodium product, featuring an inhalable formulation, precise lung delivery route, and expanded respiratory indications. H057’s targeted inhalation delivery potentially achieves superior drug concentrations in the respiratory tract, while reducing systemic side effects such as neutrophil-mediated organ damage, gastrointestinal reactions and CNS toxicity. H057 strategically extends sivelestat sodium’s therapeutic potential to other neutrophil-mediated respiratory diseases, including bronchiectasis and CAP.

BUSINESS

PK data from our completed Phase I clinical trial in healthy subjects demonstrate that H057 was rapidly absorbed following administration, with over 12-fold less systemic exposure compared to the injectable formulation. This confirms targeted delivery to the respiratory system while significantly reducing systemic drug exposure compared to intravenous administration. All dose groups of H057 showed good safety and tolerability profiles in this Phase I clinical trial.

As of the Latest Practicable Date, we were conducting a Phase II trial for H057 in bronchiectasis patients with acute exacerbations. We plan to initiate a separate Phase II study for H057 in adults with moderate-to-severe CAP in the first half of 2027.

Drug Design and Mechanism of Action

H057 leverages a novel inhalation formulation that combines the established mechanism of Xiweina (sivelestat sodium for injection) with enhanced local efficacy through lung delivery. H057 is specifically designed to address the limitations of intravenous administration: by directly targeting the lungs, it reduces required drug doses and minimizes systemic exposure, thereby lowering the risk of AEs. H057’s nebulized delivery enables convenient administration, flexible dosing schedules, and shorter treatment times — significantly improving patient compliance.

Market Opportunities

Bronchiectasis represents a significant health concern in China due to its high prevalence, chronic respiratory symptoms, frequent exacerbations requiring hospitalization, and progressive lung function decline that impacts patients’ quality of life and healthcare resources. The prevalence of bronchiectasis in China was 26.8 million cases in 2024 and is estimated to reach 35.0 million in 2035. As of the Latest Practicable Date, there was no targeted treatment for bronchiectasis approved in China. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Bronchiectasis.”

CAP is the most common pneumonia type in China. The incidence of CAP in China was 11.8 million cases in 2024 and is estimated to reach 14.4 million in 2035. As of the Latest Practicable Date, all approved CAP drugs in China were antibiotics. As of the same date, H057 was one of the only two small-molecule inhibitors — and the only inhalant — under clinical development in China for the treatment of CAP, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Community-Acquired Pneumonia.”

Summary of Clinical Trial Data

The table below sets forth details of H057’s clinical development plan in China:

		Date of IND approval	Trial phase	Trial status	(Planned) Trial start date	(Planned) Trial completion date
1. . . .	Healthy subjects	July 2023	Phase I	Completed	September 2023	January 2024
2. . . .	Acute exacerbations of bronchiectasis	October 2024	Phase II	Ongoing	July 2025	(2027H2)
3. . . .	Moderate-to-severe CAP	March 2025	Phase II	Planned	(2027H1)	(2028H1)

BUSINESS

Phase I Clinical Trial in Healthy Subjects (CTR20232384)

This was an open-label Phase I clinical study evaluating the safety, tolerability, and PK of H057 following single and multiple ascending doses in healthy subjects, and determining the maximum tolerated dose (“**MTD**”).

Trial design. This trial comprised three H057 dose groups (200/400/600mg/day) receiving single-dose and multiple-dose nebulized administration (9–13 administrations depending on group), with eight subjects per group. The trial included one comparator arm receiving sivelestat sodium for injection (Xiweina[®]; 200mg/day for 9 administrations).

Trial objectives. The primary objective of this trial was to evaluate the safety and tolerability of H057 after single and multiple nebulized inhalation administrations in healthy adult subjects and to explore the MTD. The primary endpoints were safety measures including AEs following single and multiple doses across different dose groups, physical examinations, vital signs, laboratory tests (complete blood count, urinalysis, blood biochemistry, coagulation function), and 12-lead electrocardiograms.

Trial progress. This trial was initiated in September 2023 and completed in January 2024, with a total of 35 healthy subjects enrolled.

Safety data. All dose groups demonstrated favorable safety and tolerability with no SAEs observed, with overall AE rates similar to the Xiweina group and all adverse drug reactions (“**ADRs**”) being mild and reversible, further supporting the favorable safety profile of H057 across tested dose regimens.

PK data. PK analysis showed that H057 was rapidly absorbed following inhalation administration. Compared to the injectable formulation at the same dose level, systemic exposure was significantly reduced (by more than 12-fold). This is consistent with the design rationale for inhalation formulations, which prioritizes lung-targeted delivery while minimizing systemic exposure.

Phase II Clinical Trial in Patients with Acute Exacerbations of Bronchiectasis (CTR20251484; NCT06958861)

This is a multi-center, randomized, double-blind, placebo-controlled Phase II clinical study to evaluate the efficacy, safety, PK and PD profile of H057 in the treatment of acute exacerbations of bronchiectasis in China.

Trial design. A total of 180 patients are expected to be randomized into three treatment groups: a low-dose H057 arm receiving low-dose H057 plus standard-of-care treatment, a high-dose H057 arm receiving high-dose H057 plus standard-of-care treatment, and a placebo control arm receiving placebo in place of H057 plus standard-of-care treatment. Standard-of-care treatments include anti-infective therapy, expectorant therapy, hemostasis, oxygen therapy, and other supportive measures.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of H057 in patients with acute exacerbation of bronchiectasis. The primary endpoint is to evaluate change in Quality-of-Life Bronchiectasis Respiratory Symptom Score (“**QoL-B-RSS**”) from baseline to day 15. QoL-B-RSS is a self-administered, patient-reported outcome measure assessing symptoms, functioning and health-related quality of life for patients with non-cystic fibrosis bronchiectasis. It scores ranging from 0 to 100, where lower scores indicated more severe symptoms.

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Trial progress. This trial was initiated in July 2025 and is currently ongoing, with 24 patients enrolled as of the Latest Practicable Date.

Summary of Selected Preclinical Data

Preclinical studies show that H057 possesses advantages including rapid onset, high target tissue concentration, convenient application, and large safety margin, as further explained below. *In vivo* pharmacodynamic studies showed that in SD rat pneumonia models, using injectable sivelestat sodium as positive control, H057 administered via nebulized inhalation significantly inhibited white blood cell and neutrophil counts in pneumonic rats, suppressed pulmonary hemorrhage and protein extravasation, reduced TNF- α levels, and alleviated pulmonary tissue hemorrhage, edema and inflammatory cell infiltration. H057 demonstrated superior efficacy and stronger therapeutic effects compared to injectable sivelestat sodium.

Preclinical PK studies showed that when rats received similar doses via intravenous infusion and inhalation administration, plasma Cmax and area under the curve (“AUC”) for infusion administration were approximately 14-fold higher than inhalation administration; however, lung tissue exposure following inhalation administration was approximately three-fold higher than intravenous administration. PK results indicated that lung exposure following H057 inhalation administration was higher than intravenous administration, suggesting drug enrichment in target organs with superior efficacy; plasma exposure following inhalation administration was lower than intravenous administration, suggesting reduced drug in systemic circulation with superior safety, as shown in the following table.

Comparison of drug concentrations in lung tissue and plasma after administration of inhalable H057 and injectable sivelestat sodium

Group	Lung AUC (0-t) (h*ng/g)	Plasma AUC (0-t) (h*ng/ mL)
H057.....	11,904.41	1,091.81
Injectable sivelestat sodium	3,740.18	15,554.19
Inhalation/injection ratio.....	3.2-fold	7.0%

YD0743: Phase II innovative drug candidate for sepsis and PALI

Leveraging a novel mechanism, YD0743 is positioned to address a critical unmet medical need in sepsis management, potentially transforming treatment paradigms for this life-threatening condition.

Sepsis and septic shock constitute major clinical challenges in critical care medicine. Globally, sepsis affects over 100 million people annually, claiming over 20 million lives — accounting for a substantial proportion of critical care fatalities. In China alone, sepsis affects over 9.0 million patients annually, resulting in over 700,000 fatalities each year. Furthermore, sepsis survivors typically suffer from persistent cognitive impairment, creating substantial long-term healthcare burdens. Despite this significant disease burden, the field has historically lacked targeted pharmacological interventions, with conventional approaches yielding suboptimal outcomes — underscoring the urgent need for novel therapies including immunomodulatory agents to improve treatment benefits. The sepsis drug market in China was estimated at approximately RMB25.2 billion in 2024 and is expected to reach RMB58.2 billion in 2035. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Sepsis.”

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As of the Latest Practicable Date, there were seven Category I innovative drugs under clinical development in China for the treatment of sepsis, with YD0743 being one of the immunomodulatory agents, according to Frost & Sullivan. We obtained IND approval from the NMPA for YD0743 in March 2025. We completed a Phase I trial in healthy subjects in October 2025 and initiated a Phase II trial in patients with sepsis in February 2026. We plan to complete the Phase II trial in the second half of 2027.

Given that sepsis and postoperative acute lung injury (“**PALI**”) share common pathological mechanisms involving dysregulated inflammatory responses and immune disorders, both of which are fundamentally driven by immune dysregulation-mediated organ injury, we also plan to initiate to a separate Phase II trial in PALI in the first half of 2027 to investigate the therapeutic potential of YD0743 for this indication.

YD6390: Highly potent and highly selective PDE4B inhibitor for IBD

YD6390 is a Category I innovative drug candidate and a highly potent and highly selective PDE4B inhibitor derived from our oral small-molecule drug design platform. PDE4B is a critical regulator of inflammatory responses and immune cell activity, and is prominently expressed in intestinal and lung tissues. As the primary phosphodiesterase mediating cAMP degradation in immune cells, selective PDE4B inhibition delivers broad anti-inflammatory effects by influencing specific signaling cascades, representing a promising therapeutic approach for multiple inflammatory or autoimmune diseases, including IBD.

IBD, primarily comprising ulcerative colitis and Crohn’s disease, is a chronic, relapsing, immune-mediated disorder of the gastrointestinal tract, with ulcerative colitis accounting for approximately 75% of IBD cases. The prevalence of IBD was estimated at 0.8 million in 2024 and is expected to reach 1.3 million in 2032. Despite the availability of multiple treatment options, remission rates remain below 50%, and existing therapies continue to face significant limitations, including non-response, loss of response, infection risks and limited options for certain patient populations. As of the Latest Practicable Date, approved targeted therapies for IBD in China were predominantly monoclonal antibodies, while no PDE4B inhibitor targeting IBD in China had been approved or had entered Phase II clinical development or beyond. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Inflammatory Bowel Disease.”

In *in vitro* studies, YD6390 demonstrated strong inhibitory activity against PDE4B with an IC₅₀ of 0.155 nM, and exhibited higher PDE4B/PDE4D selectivity compared to other clinical-stage PDE4B inhibitors, including three-fold higher selectivity than nerandomilast (BI1015550), the first PDE4B inhibitor approved globally. In *in vivo* studies using a dextran sulfate sodium-induced ulcerative colitis mouse model, YD6390 significantly alleviated colitis symptoms, dose-dependently lowered blood IL-6 levels, and improved colonic histopathological severity and extent of disease involvement, supporting its therapeutic potential in ulcerative colitis.

We submitted an IND application for YD6390 to the NMPA in July 2025 and received IND approval in October 2025. We initiated a Phase I clinical trial in healthy subjects in November 2025, which we plan to complete in the second quarter of 2026. We further obtained IND approval for YD6390 for the treatment of ulcerative colitis in March 2026 and plan to initiate a Phase II trial for this indication in the second half of 2026.

Pain Management

Pain management remains a critical challenge in global healthcare, with significant gaps in safe and effective treatment options. Our strategic emphasis on developing non-opioid pain management approaches directly addresses the intensifying need for potent analgesics with minimized safety

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concerns. HL-1186 is the lead innovative drug candidate in our pain management portfolio and a highly selective Nav1.8 inhibitor. In addition to HL-1186, we are also developing two preclinical assets to treat neuropathic pain and migraine. Together, our pain management drug pipeline possess the potential to address unmet medical needs across a large patient population.

Selected Pipeline Products

HL-1186: Novel Nav1.8 inhibitor to treat acute and chronic pain

HL-1186 is a Category I innovative drug candidate and a highly selective Nav1.8 inhibitor. As a novel non-opioid analgesic, it represents a therapeutic advancement by targeting Nav1.8 — a key pain-signaling channel located predominantly in peripheral nerves and are minimally expressed in the brain — thereby avoiding interference with CNS functions or cardiac channels. HL-1186 hence offers the potential for effective pain relief while reducing the risks of addiction, respiratory depression, cardiovascular complications, gastrointestinal damage, or other severe side effects associated with traditional opioids. HL-1186 is China’s first Nav1.8 inhibitor undergoing clinical studies targeting both acute and chronic pain indications, according to Frost & Sullivan.

No Nav1.8 inhibitor had been approved in China as of the Latest Practicable Date. Suzetrigine (VX-548) was the only Nav1.8 inhibitor approved globally for the treatment of moderate-to-severe acute pain, demonstrating both the efficacy and broad-spectrum potential of Nav1.8-targeted analgesia. HL-1186 shares structural characteristics with new-generation Nav1.8 inhibitors exemplified by VX-548, while exhibiting superior Nav1.8 inhibitory activity and sodium channel selectivity in preclinical studies across multiple pain models. These findings support HL-1186’s potential as a best-in-class candidate suitable for safe long-term use in pain management, particularly given the growing demand for effective non-opioid alternatives.

We received IND approval in March 2025 to commence HL-1186’s clinical trials in China. We are advancing HL-1186 through a multi-indication approach, which allows us to efficiently leverage cross-indication data, optimize resource allocation, and accelerate development timelines. As of the Latest Practicable Date, we had completed two Phase IIa trials for HL-1186 for the treatment of postoperative pain and were conducting a Phase II trial for DPNP. We plan to initiate HL-1186’s additional Phase II or Phase IIb trials, including a Phase II trial in osteoarthritis pain, in the second half of 2026.

Drug Design and Mechanism of Action

HL-1186 is a selective inhibitor of Nav1.8, a voltage-gated sodium channel subtype predominantly expressed in the peripheral nervous system. As a clinically validated pain target, Nav1.8 mediates peripheral nociceptive signaling without CNS involvement. Structurally optimized from next-generation Nav1.8 inhibitors, HL-1186 can potentially deliver enhanced inhibitory potency and selectivity. HL-1186 is designed to function by blocking Nav1.8-mediated pain signal transmission to the CNS while avoiding characteristic opioid limitations — particularly addiction and respiratory depression, which account for most opioid-related fatalities.

Market Opportunities

Postoperative acute pain, defined as pain immediately following surgical procedures. Inadequate pain control can result in significant short-term complications affecting cardiovascular, respiratory, gastrointestinal, and urinary systems, while long-term consequences include sleep disturbances, chronic pain syndromes, psychological disorders, and drug dependence. The incidence of postoperative acute pain in China increased from 71.3 million cases in 2019 to 123.7 million in 2024 at a CAGR of 11.7%, and is projected to reach 273.1 million cases in 2035 at a

BUSINESS

CAGR of 7.5% from 2024 to 2035. The postoperative analgesia drug market in China is expected to increase from RMB12.4 billion in 2024 to RMB35.7 billion in 2035 at a CAGR of 10.1% from 2024 to 2035.

Peripheral neuropathic pain arises from damage to or dysfunction of peripheral nerves, resulting in chronic pain that significantly impairs patients’ quality of life. In China, DPNP represents substantial disease burdens within this therapeutic area. DPNP occurs in diabetic patients due to peripheral nerve damage caused by prolonged hyperglycemia. The prevalence of DPNP in China rose from 30.0 million cases in 2019 to 34.2 million in 2024 at a CAGR of 2.7%, and is expected to reach 40.2 million by 2035 at a CAGR of 1.5% from 2024 to 2035. The DPNP drug market in China remained relatively stable at around RMB6.0 billion from 2019 to 2024 and is expected to reach RMB15.9 billion in 2035 at a CAGR of 9.2% from 2024 to 2035.

Osteoarthritis pain is the predominant clinical symptom of osteoarthritis, a chronic and heterogeneous joint disease. In China, the prevalence of osteoarthritis pain rose from 85.7 million cases in 2019 to 89.5 million in 2024 at a CAGR of 0.9%, and is expected to reach 104.7 million by 2035 at a CAGR of 1.4% from 2024 to 2035. The osteoarthritis pain drug market in China presents a substantial opportunity, with the market size reaching RMB26.7 billion in 2024. It is expected to increase to RMB52.0 billion in 2035 at a CAGR of 6.2% from 2024 to 2035.

Nav1.8 inhibitors represent a novel therapeutic approach that offer opioid-comparable pain relief without CNS complications, while addressing pain types unresponsive to traditional non-opioid analgesics. No Nav1.8 inhibitor had been approved in China as of the Latest Practicable Date. Suzetrigine (VX-548) was the only Nav1.8 inhibitor approved globally for the treatment of moderate-to-severe acute pain.

See also “Industry Overview — Drug Market for Pain Management in China — Nav1.8 Inhibitors: Emerging Non-Opioid Analgesics.”

Summary of Clinical Trial Data

The table below sets forth details of HL-1186’s clinical development plan in China:

	<u>Subjects/Indications</u>	<u>Date of IND approval</u>	<u>Trial phase</u>	<u>Trial status</u>	<u>(Planned) Trial start date</u>	<u>(Planned) Trial completion date</u>
1. . . .	Healthy subjects		Phase I	Ongoing	March 2025	(2026Q2)
2. . . .	Moderate-to-severe acute postoperative pain		Phase IIa	Completed	July 2025	January 2026
3. . . .	Acute pain after abdominal surgery		Phase IIa	Completed	December 2025	March 2026
4. . . .	DPNP	March 2025	Phase II	Ongoing	August 2025	(2027H1)
5. . . .	Osteoarthritis pain		Phase II	Planned	(2026H2)	(2027H2)
6. . . .	Acute pain after abdominal surgery		Phase IIb	Planned	(2026Q2)	(2026H2)
7. . . .	Acute pain after orthopedic surgery		Phase IIb	Planned	(2026Q2)	(2026H2)

Phase I Clinical Trial in Healthy Subjects (CTR20251028)

This is a Phase I clinical trial to evaluate the safety, tolerability, PK, and food effect of HL-1186 following single and multiple doses in healthy subjects in China.

BUSINESS

Trial design. This trial is divided into SAD study phase, MAD study phase, and food effect study phase. The SAD study is a single-center, randomized, double-blind, placebo-controlled, single-dose ascending trial. The MAD study is a single-center, randomized, double-blind, placebo-controlled trial.

Trial objectives. The primary objective of this trial is to evaluate the safety and tolerability of single and multiple oral doses of HL-1186 in healthy subjects. The primary endpoint is safety evaluation after dosing, including AEs, physical examination, vital signs, clinical laboratory tests (complete blood count, urinalysis, blood biochemistry, coagulation function), and electrocardiogram.

Trial progress. This trial was initiated in March 2025 and is currently ongoing, with 124 healthy subjects enrolled as of the Latest Practicable Date.

Safety data. As of January 29, 2026, the data cut-off date, 100 eligible subjects had been randomized and dosed. No AEs $\geq$ CTCAE grade 3 or SAEs were reported. Preliminary data from this Phase I trial demonstrates HL-1186’s favorable safety and tolerability, supporting its further development in future clinical studies.

Phase IIa Clinical Trial in Moderate-to-Severe Acute Postoperative Acute Pain Patients (CTR20253086)

This is a multi-center, randomized, double-blind, placebo-controlled study to evaluate the safety, efficacy, and PK characteristics of HL-1186 in patients with moderate to severe acute postoperative pain in China.

Trial design. A total of 72 post-surgical patients were enrolled and randomized into one treatment group receiving HL-1186 80mg tablets and one placebo group receiving matching placebo tablets at a 2:1 ratio. Each patient receives a total of four oral doses at 12-hour intervals.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of HL-1186 in patients with moderate to severe acute postoperative pain. The primary endpoint is Summed Pain Intensity Difference at rest over 48 hours post-initial dosing (“**SPID48**”).

Trial progress. This trial was initiated in July 2025 and completed in January 2026. We are currently finalizing data analysis and preparing the clinical study report.

Phase IIa Clinical Trial in Patients with Acute Pain after Abdominal Surgery (CTR20254747)

This is a multi-center, randomized, double-blind, placebo-controlled study to evaluate the safety and efficacy of HL-1186 in patients with acute pain after abdominal surgery in China.

Trial design. A total of 40 patients are expected to be enrolled and randomized into one treatment group receiving HL-1186 40mg tablets and one placebo group receiving matching placebo tablets at a 1:1 ratio. Each patient receives a total of four oral doses at 12-hour intervals.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of HL-1186 in patients with acute pain after abdominal surgery. The primary endpoint is SPID48.

Trial progress. This trial was initiated in December 2025 and completed in March 2026. We are currently finalizing data analysis and preparing the clinical study report.

BUSINESS

Phase II Clinical Trial in DPNP Patients (CTR20253202)

This is a multi-center, randomized, double-blind, placebo-controlled study to evaluate the efficacy, safety, and PK characteristics of HL-1186 in DPNP patients in China.

Trial design. A total of 180 DPNP patients are expected to be enrolled and randomized into three groups at a 1:1:1 ratio: two treatment groups receiving HL-1186 40mg tablets and one placebo group receiving matching placebo tablets, for 12 consecutive weeks.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of HL-1186 in patients with DPNP. The primary endpoint is change from baseline in Average Daily Pain Score (“ADPS”) at 12 weeks post-dosing.

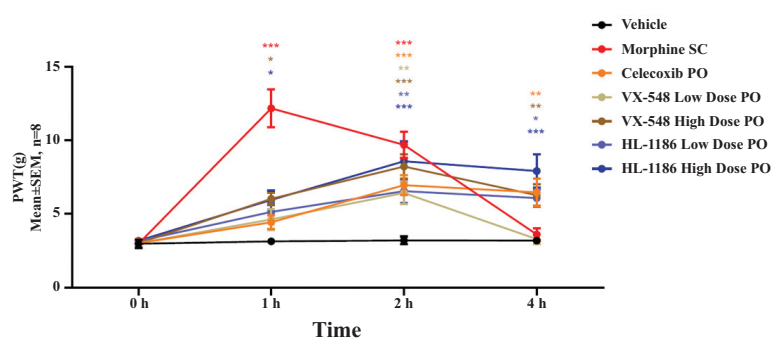
Trial progress. This trial was initiated in August 2025 and is currently ongoing, with 54 patients enrolled as of the Latest Practicable Date.

Summary of Selected Preclinical Data

In preclinical animal models of acute and chronic pain, including postoperative acute pain, diabetic peripheral neuropathy, and spared nerve injury, HL-1186 exhibited significantly enhanced analgesic efficacy compared to VX-548, with a favorable safety profile. HL-1186 showed strong *in vitro* inhibitory activity against Nav1.8, with an IC₅₀ of 0.13 nM (lower than VX-548’s 0.35 nM), with higher selectivity for sodium channels of the same family compared to VX-548. These findings support HL-1186’s potential as a best-in-class candidate suitable for safe long-term use in pain management, particularly given the growing demand for effective non-opioid alternatives.

In a rat acute postoperative pain model, a single dose of HL-1186 demonstrated significant analgesic effects, reducing paw withdrawal sensitivity in rats. At the same dosage, HL-1186 and VX-548 showed comparable analgesic effects at one hour and two hours after administration, while HL-1186 demonstrated better analgesic effects at four hours post-administration, reflecting the sustained analgesic effect of HL-1186, as illustrated below.

HL-1186 showed sustained analgesic effect in rat acute postoperative incisional pain model



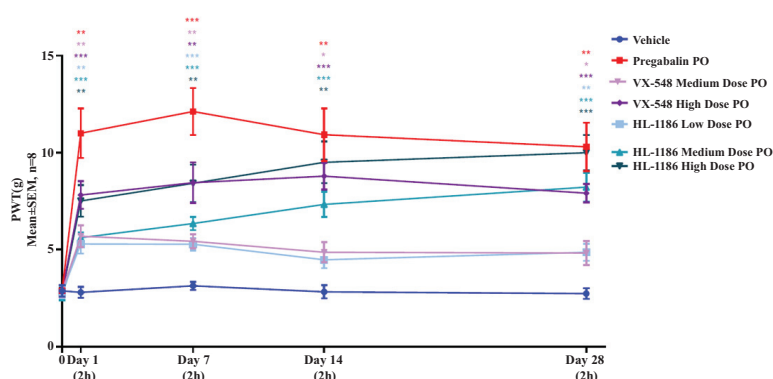
PWT: Paw Withdrawal Threshold; *p < 0.05, **p < 0.01, ***p < 0.001

In a rat DPNP model, HL-1186 demonstrated significant analgesic effects with both single and multiple doses, reducing paw withdrawal sensitivity in rats, with multiple dosing showing superior effects. At two hours after administration on day 1, HL-1186 and VX-548 at the same dosage showed comparable effects. With subsequent daily dosing, the medium and high-dose groups of HL-1186 showed continuously improving analgesic effects. At two hours after administration on day 28, the

BUSINESS

medium-dose group of HL-1186 showed analgesic effects comparable to the high-dose group of VX-548, demonstrating HL-1186’s powerful analgesic effect and the characteristic of improving efficacy with continuous treatment, as illustrated below.

HL-1186 showed strong analgesic effect in rate DPNP model



PWT: Paw Withdrawal Threshold; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Other Preclinical Assets

Our preclinical pain management pipeline features two innovative drug candidates with differentiated mechanisms of action:

- **AT2R antagonist:** Designed to treat chronic neuropathic pain, this drug candidate blocks angiotensin II type 2 receptors on dorsal root ganglion (“**DRG**”) neurons and macrophages, inhibiting neurostimulatory substance release and preventing neuronal sensitization. Preclinical studies demonstrated enhanced *in vitro* target affinity and *in vivo* analgesic efficacy, with optimized hepatic safety profile.
- **TRPM3 antagonist:** Developed for neuropathic pain and migraine, this drug candidate blocks pain signal transduction by inhibiting transient receptor potential melastatin 3 channels on DRG sensory neurons. Animal studies indicated that TRPM3 deficiency eliminates pathological pain responses, with no impact on thermoregulation and no addiction potential.

Oncology

Cancers remain one of the leading causes of death worldwide, posing severe threats to human health and creating significant socioeconomic burdens. In China, cancers have become the primary mortality cause, with over 5.0 million new cancer cases reported in 2024 — accounting for 23.6% of global incidence. Our commercialized oncology product portfolio primarily includes: Zuoyu (levofolinic acid for injection), Pirui (temozolomide for injection), and Weidagan (azacitidine for injection) — all recommended as first-line treatments in multiple domestic and international guidelines in their respective treatment areas.

BUSINESS

Marketed Products

Zuoyu 佐愈® (Levofolinic Acid for Injection)

With 5-FU remaining a cornerstone chemotherapy for colorectal cancer and other gastrointestinal tumors, levofolinic acid meets the growing demand for safer, more effective chemotherapy enhancers. Zuoyu, as China’s first domestically developed Category II levofolinic acid, is uniquely positioned to capture this opportunity. We obtained marketing approval for Zuoyu from the NMPA in June 2021. With only two sodium levofolinate products approved in China, Zuoyu achieved a market share exceeding 90% in 2024, according to Frost & Sullivan.

Zuoyu’s sodium-based formula — unlike traditional calcium salt formulation — enables direct co-infusion with 5-FU, which enhances clinical efficiency while improving overall safety. Meanwhile, its patent-protected freeze-dried powder formulation demonstrates clinically meaningful improvements over the originator drug’s solution formulation, including superior purity profile (fewer known and unknown impurities), enhanced stability by circumventing heat-induced degradation during sterilization, and reduced safety risks — all while achieving therapeutic equivalence as a ready-to-use powder with extended shelf life.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Zuoyu amounted to RMB23.5 million, RMB25.9 million and RMB75.6 million, respectively.

As of the Latest Practicable Date, Zuoyu had not been included in the NRDL. In addition, as Zuoyu is one of the two only approved sodium levofolinate products in China, it has not been included in the VBP schemes at the national or provincial levels, as the current market competition is insufficient to meet the tendering criteria. Zuoyu is available in two dosage forms (25mg, 50mg).

Highlights of the product include:

- Limited competition with market leadership. With only two sodium levofolinate products approved in China, Zuoyu achieved a market share exceeding 90% in 2024, according to Frost & Sullivan. We believe that the substantial time and resources required for clinical development, in addition to regulatory barriers and market entrenchment of incumbents like us, are expected to pose challenges to potential new market entrants. In 2024, Zuoyu was recognized as a Shanghai High-Tech Achievement Transformation Project and listed in Shanghai’s “Top Innovative Biopharma Products” catalog, further validating its clinical and technological value.
- Clinical validated outcomes enabled by simultaneous infusion. Zuoyu’s sodium-based formula — unlike traditional calcium salt formulation — enables direct co-infusion with 5-FU, as explicitly approved in the drug label. Clinical trial data demonstrate that Zuoyu’s simultaneous infusion protocol delivers superior outcomes compared to traditional sequential administration. Patients receiving Zuoyu with 5-FU showed significant improvements in survival outcomes, including a 7.5-month extension in median progression free survival (“PFS”) and a 4.3-month improvement in overall survival, while maintaining competitive safety profiles. The streamlined administration protocol reduces total treatment time by 132.5 minutes per cycle, including two hours saved in treatment administration and 12.5 minutes in drug preparation, significantly enhancing both clinical efficiency and patient convenience.

BUSINESS

- Novel formulation delivering distinct therapeutic benefits. Zuoyu’s patent-protected freeze-dried powder formulation demonstrates clinically meaningful improvements over originator drug’s solution formulation, including superior purity profile (fewer known and unknown impurities), enhanced stability by circumventing heat-induced degradation during sterilization, and reduced safety risks — all while achieving therapeutic equivalence as a ready-to-use powder with extended shelf life. Unlike traditional leucovorin preparations that contain a 50:50 mixture of active L-isomer and inactive D-isomer, Zuoyu contains exclusively the pharmacologically active L-isomer. This eliminates interference from the non-therapeutic D-isomer, which can hinder cellular uptake and create unnecessary metabolic burden.

Drug Design and Mechanism of Action

Levofolinic acid initially entered the market as a calcium salt formulation. However, this form presents significant clinical limitations due to its poor solubility — high doses can precipitate calcium folinic acid crystals, while calcium ions may form calcium carbonate precipitates that risk vascular occlusion. Zuoyu’s optimized sodium salt formula enables simultaneous infusion with 5-FU, eliminating the two-hour delay required by traditional calcium salt formulation. This formulation also reduces the adverse cardiac and multi-organ effects associated with the superfluous, non-therapeutic calcium ions, thereby delivering an enhanced safety profile.

Market Opportunities

The sodium levofolinate market in China, estimated at RMB26.7 million in 2024, is projected to grow at a CAGR of 29.6% and reach RMB460.6 million in 2035, driven by rising cancer incidence and the shift toward optimized chemotherapy regimens. As of the Latest Practicable Date, Zuoyu was one of the only two sodium levofolinate products approved in China, according to Frost & Sullivan. Leveraging its novel drug design and demonstrated therapeutic benefits, Zuoyu is positioned to maintain its dominant market share in the rapidly expanding sodium levofolinate market. See also “Industry Overview — The Oncology Drug Market in China — Levofolinic Acid: Key Roles in Cancer Therapy.”

Other Marketed Products

Besides Zuoyu, we have also successfully commercialized other oncology products, including (i) Pirui 匹瑞® (temozolomide for injection). Temozolomide is recommended as a first-line treatment for glioblastoma and anaplastic astrocytoma. Pirui is formulated without polysorbate 80, an excipient used in the originator drug, potentially reducing the risk of hemolysis and enhancing convenience for clinical use; and (ii) Weidagan 卫达甘® (azacitidine for injection). Azacitidine is a hypomethylating agent used as first-line therapy for myelodysplastic syndromes (“MDS”), chronic myelomonocytic leukemia (“CMML”), and acute myeloid leukemia (“AML”). Weidagan’s optimized manufacturing process minimizes impurities and degradation products while extending shelf life to 36 months, delivering consistent product quality and reducing waste.

Other Chronic Disorders and Beyond

Cardiovascular diseases claim more lives worldwide than any other medical condition, creating massive health and economic challenges due to their widespread occurrence and severe impacts. Our cardiovascular portfolio includes two key marketed products: Kangmairui (ticagrelor tablets) for ACS and Li'erban (rivaroxaban tablets) for the treatment and prevention of VTE, both recommended as first-line treatments in multiple domestic and international guidelines. Besides cardiovascular diseases, we also address other prevalent chronic conditions like endometriosis, urological disorders and diabetes through our marketed products, including Dinuo'an (dienogest

BUSINESS

tablets), Xiaoxiong (avanafil tablets), Qianweilai (silodosin capsules) and Enketang (empagliflozin and metformin hydrochloride sustained-release tablets). Furthermore, we continue to invest in the development of novel drugs for chronic diseases, including: H077, the world’s first clinical-stage silodosin sustained-release formulation, according to Frost & Sullivan, and H062, a potential first-in-class sacubitril valsartan sodium/amlodipine compound currently in Phase III trial.

Marketed Products

Kangmairui 康迈瑞® (Ticagrelor Tablets)

Kangmairui is a generic ticagrelor tablet indicated for patients with ACS, including those managed medically or undergoing percutaneous coronary intervention, to reduce the incidence of thrombotic cardiovascular events. The marketing approvals for Kangmairui were obtained in September 2019 (90mg) and July 2020 (60mg).

Ticagrelor, a blockbuster oral antiplatelet agent, is a direct acting, reversibly binding P2Y12 platelet inhibitor. Notably, ticagrelor demonstrates superior efficacy to clopidogrel by significantly reducing cardiovascular mortality in ACS patients receiving background aspirin therapy, earning first-line recommendation in leading ACS guidelines, both domestically and internationally. The prevalence of ACS was 1.5 million cases in 2024 and is estimated to reach 2.0 million in 2035.

The market size of ticagrelor drugs was estimated at RMB1,033.0 million in 2024. As of the Latest Practicable Date, more than 30 ticagrelor drugs had been approved in China (including the originator drug, BRILINTA), with Kangmairui generating RMB70.1 million in sales revenue in 2024, ranking fourth among our competitors and accounting for a market share of approximately 6.8% in the same year, according to Frost & Sullivan.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Kangmairui amounted to RMB57.5 million, RMB70.1 million and RMB53.2 million, respectively. Kangmairui has been included in Part B of the NRDL since it was commercialized. It has also been included in national and provincial VBP schemes. Since 2020, Kangmairui has won in the bidding processes of the following national VBP scheme:

<u>Entry date, batch number</u>	<u>No. of winning bidders</u>	<u>Average selling price of winning bidders before inclusion</u>	<u>Average selling price of winning bidders after inclusion</u>	<u>Percentage of price reduction</u>	<u>Procurement Period*</u>
August 2020, Batch 3 (90mg)	Six	RMB5.7 to RMB8.4 per unit	RMB0.63 to RMB2.25 per unit	55% to 92%	Three years
February 2021, Batch 4 (60mg)	Four	RMB1.7 to RMB2.9 per unit	RMB0.8 to RMB1.1 per unit	55% to 68%	Three years
February 2026, follow-on (90mg)* . .	29	RMB0.5 to RMB1.9 per unit	N/A**	N/A**	Until December 31, 2028
February 2026, follow-on (60mg)* . .	15	RMB0.6 to RMB1.5 per unit	N/A**	N/A**	Until December 31, 2028

BUSINESS

* Following the expiration of the procurement period under previous batches of the national VBP scheme, Kangmairui was included into inter-provincial VBP alliance covering 26 provinces, autonomous regions, and municipalities. In February 2026, Kangmairui participated in the national follow-on VBP scheme covering 31 provinces, autonomous regions and municipalities and was included therein. See “— Pricing — VBP Schemes.”

** As of the Latest Practicable Date, the relevant information was not publicly available.

Li'erban 利尔班® (Rivaroxaban Tablets)

Li'erban is a generic rivaroxaban tablet indicated for the treatment and prevention of VTE, including DVT and PTE. The marketing approval for Li'erban was obtained in December 2020.

Rivaroxaban tablets are the world's first oral direct Factor Xa inhibitor, primarily used to reduce stroke and embolism risk in non-valvular atrial fibrillation, prevent thrombotic events in coronary and peripheral arterial disease, and treat DVT and PTE. rivaroxaban are one of the preferred anticoagulants recommended by both domestic and international clinical guidelines. Li'erban is available in three dosage forms (10mg, 15mg, 20mg) and offers comprehensive specifications among generic rivaroxaban tablets currently available in China.

DVT and PTE — together forming VTE — represent connected phases of the same disease process. DVT occurs when blood clots form abnormally in deep veins, typically in the legs. If these clots break loose, they can travel to the lungs, causing PTE. The prevalence of VTE in China was 3.4 million cases in 2024 and is expected to reach 4.9 million in 2035.

The market size of rivaroxaban drugs was estimated at RMB2,606.0 million in 2024. As of the Latest Practicable Date, more than 50 rivaroxaban drugs had been approved in China (including the originator drug, XARELTO), with Li'erban generating RMB60.8 million in sales revenue in 2024, ranking eighth among our competitors and accounting for a market share of approximately 2.3% in the same year, according to Frost & Sullivan.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Li'erban amounted to RMB54.4 million, RMB60.8 million and RMB43.9 million, respectively. Li'erban has been included in Part B of the NRDL since it was commercialized. It has also been included in national and provincial VBP schemes. Since 2021, Li'erban has won in the bidding processes of the following national VBP scheme:

Entry date, batch number	No. of winning bidders	Average selling price of winning bidders before inclusion	Average selling price of winning bidders after inclusion	Percentage of price reduction	Procurement Period*
June 2021, Batch 5 (20mg)	Seven	Approximately RMB34.6 per unit	RMB0.68 to RMB13.65 per unit	58% to 99%	Three years
June 2021, Batch 5 (15mg)	Eight	RMB24.9 to RMB26.4 per unit	RMB0.51 to RMB11.6 per unit	58% to 98%	Three years
June 2021, Batch 5 (10mg)	Ten	RMB17.3 to RMB19.3 per unit	RMB0.16 to RMB0.65 per unit	97% to 99%	Three years
February 2026, follow-on (20mg)* . .	14	RMB0.5 to RMB3.0 per unit	N/A**	N/A**	Until December 31, 2028
February 2026, follow-on (15mg)* . .	15	RMB0.3 to RMB1.2 per unit	N/A**	N/A**	Until December 31, 2028
February 2026, follow-on (10mg)* . .	29	RMB0.1 to RMB3.5 per unit	N/A**	N/A**	Until December 31, 2028

BUSINESS

* Following the expiration of the procurement period under previous batches of the national VBP scheme, Li'erban was included into inter-provincial VBP alliance covering 11 provinces, autonomous regions and municipalities, for a further term of one year. In February 2026, Li'erban participated in the national follow-on VBP scheme covering 31 provinces, autonomous regions and municipalities and was included therein. See “— Pricing — VBP Schemes.”

** As of the Latest Practicable Date, the relevant information was not publicly available.

Dinuo'an 蒂诺安® (Dienogest Tablets)

Dinuo'an is the first domestic generic dienogest tablet (2mg) to achieve commercialization in China indicated for endometriosis, according to Frost & Sullivan. The marketing approval for Dinuo'an was obtained in June 2021. In addition, we submitted ANDA to the NMPA for dienogest tablet (1mg) in July 2025 and expect to obtain market approval in the second half of 2026.

Dienogest has received first-line recommendation in both domestic and international clinical guidelines for the treatment of endometriosis and related conditions. This endorsement reflects its established efficacy, safety profile, and therapeutic advantages over traditional alternatives. The prevalence of endometriosis in China was 54.2 million cases in 2024 and is expected to reach 58.0 million in 2035.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Dinuo'an amounted to RMB71.0 million, RMB72.9 million and RMB91.8 million, respectively. The market size of dienogest drugs was estimated at RMB874.9 million in 2024. As of the Latest Practicable Date, more than five dienogest drugs had been approved in China (including the originator drug, VISANNE), with Dinuo'an generating RMB72.9 million in sales revenue in 2024, ranking second among our competitors and accounting for a market share of approximately 8.3% in the same year, according to Frost & Sullivan.

Dinuo'an (2mg) has been included in Part B of the NRDL since it was commercialized. It had not been included in the VBP schemes at the national or provincial levels as of the Latest Practicable Date.

Other Marketed Products

In addition to the key products above, we also generated revenue from other marketed drugs during the Track Record Periods, including:

- Xiaoxiong 枭雄® (Avanafil Tablets), the first domestic generic avanafil tablet to achieve commercialization in China, according to Frost & Sullivan. Avanafil is recommended as first-line therapy for erectile dysfunction by European Association of Urology guidelines, featuring rapid onset within 15 minutes, no food-effect interference, low adverse reaction rates, and outstanding long-term tolerability. Xiaoxiong offers one of the most comprehensive specifications among generic avanafil tablets currently available in China. Besides avanafil tablets, we have also commercialized two Category IV drugs, namely sildenafil citrate tablets and tadalafil tablets, under the brand name of Xiaoxiong;

BUSINESS

- Qianweитай 前卫泰[®], the first generic silodosin approved in China, according to Frost & Sullivan. Silodosin is a new-generation ultra-selective α 1A-adrenoceptor antagonist, recommended as first-line therapy for benign prostatic hyperplasia (“BPH”)/lower urinary tract symptoms (“LUTS”) by domestic and international guidelines. It offers high selectivity, favorable safety profile, rapid onset within two to six hours, and improvements in lower urinary tract symptoms and cardiovascular safety superior to tamsulosin; and
- Enketang 恩科唐[®], the second domestically approved fixed-dose combination sustained-release formulation combining empagliflozin and metformin, according to Frost & Sullivan. Clinical evidence shows empagliflozin lowers the risk of serious cardiovascular AEs and deaths while protecting both heart and kidney function, whereas metformin’s sustained-release formulations significantly decrease gastrointestinal side effects. Enketang’ dual-mechanism and sustained-release formulation effectively simplify treatment regimens while offering weight loss benefits without increasing hypoglycemia risk, demonstrating good safety profile.

Selected Pipeline Products

H077: The world’s first clinical-stage silodosin candidate in sustained-release formulation

H077, developed using our patent-protected sustained-release technology, is a Category II modified new drug of silodosin currently in Phase III clinical trial for BPH. Silodosin is the latest-generation highly selective α 1A receptor blocker that demonstrates superior efficacy to tamsulosin in improving lower urinary tract symptoms and BPH, with fewer cardiovascular side effects, recommended by both domestic and international guidelines recommend as first-line therapy for BPH. Currently, only conventional capsule formulations are marketed in China, requiring twice-daily administration.

As the world’s first clinical-stage silodosin candidate in sustained-release formulation, according to Frost & Sullivan, H077 is expected to improve patient compliance and therapeutic outcomes through simplified once-daily dosing while maintaining silodosin’s established efficacy and safety profile. H077’s sustained-release formulations offer multiple clinical advantages, including: (i) enhanced patient compliance through simplified dosing schedules; (ii) stabilized plasma drug concentrations that minimize peak-trough fluctuations compared to immediate-release formulations, reducing concentration-dependent adverse effects; and (iii) potentially improved tolerability of silodosin-specific side effects through gradual drug release that avoids sudden concentration spikes.

Pursuant to the IND approval we received from the NMPA in April 2024, we have completed H077’s Phase I trials in healthy male subjects. Following regulatory communications with the CDE, we are currently enrolling patients for H077’s Phase III trial and expect to complete this trial in the first half of 2028.

Drug Design and Mechanism of Action

H077’s sustained-release tablets (8mg, once-daily oral administration) are expected to maintain non-inferior efficacy and safety compared to the original silodosin capsules (4mg, twice-daily oral administration), while providing slow drug release and stable blood concentrations. H077’s unique, patent-protected skeleton sustained-release excipient system was specifically designed to overcome common challenges of extended-release formulations. The technology eliminates the initial burst release phenomenon while facilitating complete drug release in later stages, achieving optimal PK parameters: comparable AUC exposure to conventional capsules with significantly reduced Cmax.

BUSINESS

Market Opportunities

BPH is a common chronic condition in middle-aged and elderly men primarily characterized by urinary obstruction, and the most common benign condition contributing to LUTS in aging males. The prevalence of BPH in China was 21.0 million cases in 2024 and is estimated to reach 23.5 million in 2035. The histopathological incidence of BPH increases with age, affecting over 50% of men by age 60 and up to 83% by age 80. The market size of BPH drugs in China was estimated at approximately RMB3.4 billion in 2024 and is expected to reach RMB7.2 billion in 2035 at a CAGR of 6.9% from 2024 to 2035. As of the Latest Practicable Date, silodosin therapy in China was only available in twice-daily capsule, and H077 was the first and only silodosin candidate in sustained-release formulation under clinical development, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Other Chronic Disorders in China — Benign Prostatic Hyperplasia.”

Summary of Clinical Trial Data

Phase I Clinical Trial in Healthy Male Subjects (Multiple Doses) (CTR20244852)

This was a randomized, open-label Phase I clinical study evaluating the multi-dose PK and food effect of H077 in healthy subjects in China.

Trial design. A total of 24 healthy male subjects were randomized into two groups: one receiving H077 (8mg, once daily, sustained-release tablets) and the other receiving Urisef[®] (4mg, twice daily, silodosin capsules) as the active comparator, for six consecutive days.

Trial objectives. The purpose of this trial was to evaluate the PK characteristics of multiple doses of H077 in healthy subjects; to compare the steady-state PK characteristics with equivalent doses of Urisef[®]; and to evaluate the safety of multiple doses of H077.

Trial progress. This trial was initiated in November 2024 and completed in January 2025.

Safety and PK data. Once-daily administration of H077 after meals and twice-daily administration of Urisef[®] after meals both reached steady state after six consecutive days of dosing. H077 demonstrated systemic exposure comparable with Urisef[®] ($AUC_{0-24, ss}$ and $C_{av, ss}$), with similar fluctuation coefficients and fluctuation amplitudes between the two formulations. At steady state, the $T_{max, ss}$ of H077 was delayed by two hours compared to Urisef[®], achieving the desired sustained-release effect. The safety profile of multiple doses of H077 was similar to that of Urisef[®]. The incidence of AEs was similar between once-daily H077 after meals and twice-daily Urisef[®] after meals, with no SAEs occurring.

Phase III Clinical Study in BPH Patients (NCT07146386)

This is a randomized, double-blind, controlled, multi-center Phase III clinical study to evaluate the efficacy and safety of H077 versus silodosin capsules for the treatment of BPH.

Trial design. A total of 728 BPH patients are expected to be enrolled and randomized into one treatment group receiving H077 sustained-release tablets and one control group receiving silodosin capsules at a 1: 1 ratio.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of H077 versus silodosin capsules for the treatment of BPH. The primary endpoint is changes in International Prostatism Symptom Score (“IPSS”) at 12 weeks from baseline.

BUSINESS

Trial progress. This trial was initiated in August 2025 and is currently ongoing, with 151 patients enrolled as of the Latest Practicable Date.

H062: Potential first-in-class sacubitril valsartan sodium/amlodipine compound in Phase III trial

H062, a Category II modified new drug and potential first-in-class dual-acting sacubitril valsartan sodium/amlodipine compound, addresses resistant hypertension, a critical gap in hypertension treatment. According to WHO Guidelines for the pharmacological treatment of hypertension in adults, a large multicenter study across high-, middle-, and low-income countries found that only 40.6% of hypertension patients received treatment, with only 13.2% achieving blood pressure control, showing that blood pressure remains uncontrolled in the majority of hypertension patients.

Sacubitril valsartan sodium/amlodipine compounds represent a significant advancement in hypertension management over traditional therapies. By simultaneously modulating the renin-angiotensin system, enhancing protective peptides, and regulating calcium channels, these novel compounds deliver superior blood pressure control with enhanced cardiovascular and renal protection. This multi-pathway approach can potentially address hypertension’s complex pathophysiology, particularly benefiting patients with resistant hypertension or comorbidities who respond inadequately to conventional treatments. The integration of these complementary mechanisms into a single compound preparation simplifies medication regimens, improving patient adherence while achieving therapeutic effects at optimized doses — minimizing side effects and reducing potential polypharmacy complications. As of the Latest Practicable Date, H062 was one of the only two sacubitril valsartan sodium/amlodipine compound preparations under clinical development in China, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Other Chronic Disorders in China — Resistant Hypertension.”

H062 demonstrated favorable safety and predictable PK in Phase I healthy subjects. With IND approval obtained from the NMPA in April 2024, H062 is currently undergoing two Phase III clinical trials, with the potential to treat hypertensive patients with uncontrolled blood pressure on existing two types of drugs, offering synergistic modulation where single-pathway agents fall short. We plan to complete the two Phase III trials in the first half of 2027.

Other Pipeline Products

In addition to these two Category II modified new drug candidates, H077 and H062, we are advancing HL-2626, a novel agonist targeting 5-HT_{2A} receptor, which is designed for major depressive disorder and treatment-resistant depression. Preclinical studies suggest HL-2626 offers rapid-acting antidepressant effects without the hallucinogenic or addictive risks associated with traditional psychedelics. We are currently conducting IND-enabling studies for HL-2626 and expect to file for IND with the NMPA in the second half of 2026.

Furthermore, we are developing multiple generic drug candidates to treat various chronic disorders, including azisartan and amlodipine tablet for primary hypertension, dienogest tablet (1mg) for uterine adenomyosis, and relugolix tablet for menorrhagia caused by uterine fibroids. We submitted ANDA to the NMPA for azilsartan and amlodipine tablet in 2024 and received market approval in January 2026, which is the first-to-market generic drug of its class in China. We submitted ANDA to the NMPA for dienogest tablet (1mg) in July 2025 and expect to obtain market approval in the second half of 2026. We completed the Phase III trial for relugolix tablet in January 2026 and are currently finalizing data analysis and preparing the clinical study report. We anticipate submitting the ANDA for relugolix tablet in the second quarter of 2026.

BUSINESS

OUR TECHNOLOGY PLATFORMS

We have established proprietary technology platforms that encompass all key aspects of drug development, from target selection, drug discovery, clinical research, to CMC and process development.

Target Screening Platform

Our pipeline strategy for both Category I innovative drugs and Category II modified new drugs begins with identifying unmet clinical needs, then systematically evaluates potential targets based on their biological mechanisms, translational research data, and real-world evidence to select promising candidates with differentiated advantages. For each target under consideration, we conduct comprehensive evaluation — analyzing its mechanism of action, disease relevance, and therapeutic potential to predict both efficacy and safety profiles. We further strengthen our target validation by working closely with industry experts, combining their frontline experience with our research capabilities to uncover novel target applications and enhance clinical translatability.

Innovative Drug Discovery Platform

We have established a proprietary oral small-molecule drug design platform that designed to accelerate the identification and optimization of high-quality drug candidates while enhancing R&D efficiency and success rates. This platform focuses on therapeutically important target classes — including G protein-coupled receptors, kinases, and proteases — which regulate critical physiological and pathological processes, enabling the rational design of novel compounds with optimal oral bioavailability and target specificity.

Clinical Development Technology Platform

Our clinical development platform oversees the end-to-end design and execution of clinical trials for innovative drugs, incorporating preclinical findings, target mechanisms, and fundamental medical research to optimize trial protocols. During trial implementation, we address compound-specific technical challenges through close collaboration with leading hospitals and healthcare professionals.

CMC Development Platform

We have established several key platform technologies: (i) API development technologies encompassing chiral drug synthesis, crystallization engineering, and salt formation; (ii) novel formulation including solubility enhancement for poorly soluble drugs, sustained-release formulations, and fixed-dose combination; and (iii) quality-focused analytical tools including analytical method development, impurity profile characterization, and genotoxic impurity detection. Our CMC development platform was instrumental to the successful commercialization of marketed products, including our Category II modified new drug, Zuoyu, and multiple first-to-market generic products in China. This infrastructure drives the efficient advancement of our drug candidates while meeting both clinical study requirements and commercial-scale production needs.

RESEARCH AND DEVELOPMENT

We conduct research and development activities primarily through our in-house R&D team, and we engage CROs from time to time to support our preclinical research and clinical trials. For the years ended December 31, 2023, 2024 and 2025, our research and development expenses were RMB211.1 million, RMB194.8 million and RMB234.3 million, respectively.

BUSINESS

In-house R&D Team and Facilities

As of December 31, 2025, our in-house R&D team consisted of 256 members, approximately 45% of whom held master or doctoral degrees, mainly in biology, pharmacology, pharmacy, chemistry, and medical science. Our R&D team comprises talents with extensive experience in drug discovery, preclinical development, CMC, clinical development and regulatory affairs, spanning the entire drug development cycle. Many of them have years of experience in driving drug discovery and development programs at leading multinational companies and domestic pharmaceutical companies, such as GSK, Bayer, Novartis, Eli Lilly, Hengrui and Sino Biopharmaceutical, and renowned research institutes such as the University of Strasbourg, the U.S. National Cancer Institute, and Chinese Academy of Sciences.

To strengthen our innovation capabilities, we have established two wholly owned subsidiaries specializing in innovative drug development: Shanghai Yidian Pharmaceutical Technology Development Co., Ltd. and Shanghai Yidi Biotechnology Co., Ltd. These entities focus primarily on PCC identification, preclinical research and clinical medical studies for Category I innovative drug candidates. In addition, we operate specialized research centers with distinct focuses: our Center for Pharmaceutical Sciences is primarily responsible for CMC studies, while our Clinical Research Center focuses on clinical operations, project management, and quality management for all of our registration-stage drug candidates.

R&D Process

We have established a drug R&D engine that drives all stages of our innovation processes, encompassing the full spectrum from drug discovery through regulatory approval. The following summary highlights the key steps of our in-house R&D process for Category I innovative drug development:

- **Target identification/validation and drug discovery.** Before initiating a project, we leverage our scientific expertise and market insights to identify targets with high therapeutic potential. For each identified target, we conduct a comprehensive feasibility analysis, taking into account factors including market size, patentability, competitive landscape, regulatory strategy, and potential risks, while enhancing strategic synergies with our marketed products and our drug portfolio’s differentiated advantages. We then design and screen chemical compounds to select lead compounds that have demonstrated pharmacological and biological activity on a specific therapeutic target.
- **Preclinical studies.** Our preclinical development consists of two phases: (i) prior to PCC selection, we evaluate lead compounds through comprehensive *in vitro* and *in vivo* studies, assessing pharmacological selectivity, duration of action, pharmacokinetic properties, and preliminary safety profiles; and (ii) following PCC determination, we conduct IND-enabling studies including pharmacodynamics (“PD”), pharmacokinetics, integrated PK/PD studies, and comprehensive safety evaluation. Concurrently, our CMC team develops stringent standards and procedures designed to ensure the consistent manufacturing of high-quality drug substances and drug products.
- **Clinical development.** During clinical trials, we maintain close communication with trial sites and principal investigators to ensure studies are conducted in a timely manner and in accordance with study protocols and GCP guidelines. We select reputable clinical trial institutions and hospitals based on their quality, resources, experience, reputation, and availability of qualified investigators and appropriate patient populations. Furthermore, our regulatory affairs team oversees the registration strategy and submission of documents required by relevant regulatory authorities.

BUSINESS

For the development of Category II modified new drugs, we leverage existing clinical and safety data from approved reference products, without requiring comprehensive target identification and extensive preclinical safety studies. We focus on demonstrating specific improvements such as improved dosage forms, modified routes of administration, expanded indications or fixed-dose combination products through targeted clinical studies.

For generic drug development, our R&D process typically involves API and formulation development, CMC studies, *in vitro* dissolution, and *in vivo* bioequivalence studies or confirmatory clinical trials. Upon successful completion of these studies, we file an ANDA to the NMPA. See also “Regulatory Overview — Overview of Laws and Regulations in the PRC — Laws and Regulations in Relation to the Pharmaceutical Industry — Registration of Generic Drugs.”

Collaboration with CROs

In addition to our in-house R&D activities, we also collaborate with reputable CROs to manage, conduct, and support our preclinical research and clinical trials. The services they provide under our supervision include site management, patient recruitment and data management for our clinical trials, as well as preclinical and clinical laboratory testing and other specialized tasks aligned with our needs.

We select CROs based on various factors, such as professional qualifications, research experience in the related fields, service quality and efficiency, industry reputation, and pricing competitiveness. Depending on the specific services required, we enter into project-based service agreements with our CROs that outline the detailed scope of work, procedures, deliverables, timelines, and payment terms. We closely supervise our CROs with an aim to ensure their performance in a manner that complies with our protocols and applicable laws, which in turn protects the integrity and authenticity of the data from our trials and studies. Key terms of our agreements that we typically enter into with our CROs are set forth below.

- **Services.** The CRO provides us with ancillary services in the course of our preclinical studies and clinical trials, such as implementing animal studies, providing clinical support, record keeping and report preparation.
- **Term.** The CRO is required to perform its services within the prescribed time limit set out in each work order, usually on a project basis.
- **Payments.** We are required to make payments to the CROs in accordance with a payment schedule agreed by the parties.
- **Intellectual property rights.** We generally own all intellectual property rights arising from the projects conducted by the CROs within the stipulated work scope.

MANUFACTURING

We manufacture most of our marketed tablet and capsule products and a substantial majority of APIs in-house. During the Track Record Period, we also produced certain APIs for external sales to third parties. We engage industry-recognized CDMOs to manufacture our injectable products, such as Xiweina and Zuoyu, to supplement our in-house manufacturing capacity, enabling us to optimize resource allocation and maintain cost efficiency.

BUSINESS

Manufacturing Facilities

We currently have one manufacturing site in Taizhou, Jiangsu. During the Track Record Period and up to the Latest Practicable Date, we obtained the requisite licenses for all of our manufacturing facilities. For details, see “— Licenses, Permits and Approvals.” Our manufacturing systems and facilities are instrumental to the smooth execution of our clinical trials and reliable delivery of our marketed products.

Our Taizhou manufacturing facilities comprise production lines for APIs and finished drug products (tablets and capsules). The following table sets forth a summary of our Taizhou manufacturing facilities as of the Latest Practicable Date.

Facility	Location	GFA (sq.m)	Production lines	Major equipment	Key products
Taizhou Manufacturing Facilities	Taizhou, Jiangsu	26,688	Tablets, capsules, and APIs	Wet granulation mixers, fluid bed granulators and coaters, tablet presses, and automatic capsule filling machines	Kangmairui, Li'erban, Qianweitai, Xiaoxiong

The following table sets forth the designed production capacity, actual production volume and utilization rates of our Taizhou manufacturing facilities as of the dates and for the years indicated.

		As of/For the year ended December 31,								
		2023			2024			2025		
Product	Unit	Designed production capacity ⁽²⁾	Production volume ⁽³⁾	Utilization rate (%) ⁽⁴⁾	Designed production capacity ⁽²⁾	Production volume ⁽³⁾	Utilization rate (%) ⁽⁴⁾	Designed production capacity ⁽²⁾	Production volume ⁽³⁾	Utilization rate (%) ⁽⁴⁾
Finished Drug Products:										
Tablets and capsules ⁽¹⁾	10,000 tablets	31,800	18,357	57.7%	31,800	20,426	64.2%	31,800	13,276	41.7%
APIs:										
Xiweina, Zuoyu, Kangmairui, Li'erban, and others	kg	25,250	16,074	63.7%	25,250	8,947	35.4%	25,250	8,042	31.9%

Notes:

- (1) We manufacture certain finished drug products in the form of tablet and capsule products at our own manufacturing facilities, while the manufacturing of other finished drug products, primarily injections, are outsourced to CDMOs.
- (2) The designed annual production capacity of finished drug products is calculated based on the capacity to produce 3.6 batches of tablets and 2.0 batches of capsules per day, with each batch consisting of 400,000 tablets or capsules.
The designed annual production capacity of APIs is calculated based on the output per batch and the estimated maximum number of batches, taking into account the manufacturing cycle, line clearance time and product changeover time applicable to the relevant shared production facilities.
- (3) Production volume during the year is the actual volume of products manufactured during that year.
- (4) Utilization rate is calculated by dividing the production volume by the designed production capacity. The fluctuations in the utilization rates during the Track Record Period were primarily associated with the changes in customer demand, delivery schedule, and the inventory levels of the relevant products.
- (5) The data presented in the table excludes drug candidates under development.

We routinely update our production plan based on six-month forecasts of market demand from our sales team, as well as our R&D manufacturing needs. We monitor our production capacity in real-time and make dynamic adjustments based on current conditions and future projections.

BUSINESS

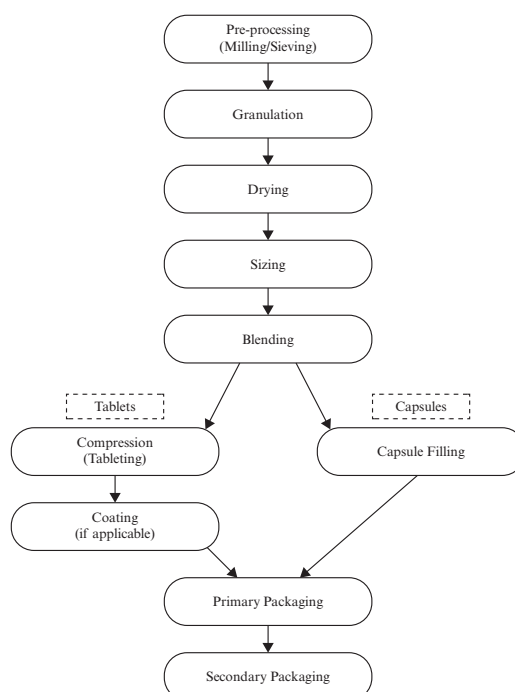
To support our innovative drug development and future commercialization, we are building a new manufacturing site in Zhijiang, Hubei. This manufacturing site will be equipped with API production lines and is expected to become operational within the next three years.

Production Processes

We operate tailored production processes for our APIs and final products.

Tablets and Capsules

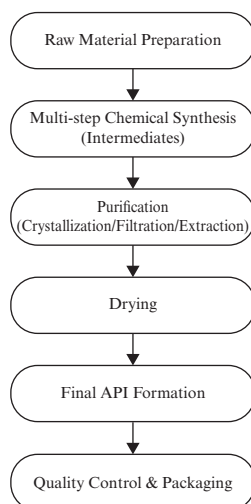
We manufacture a variety of tablets and capsules, such as Kangmairui (ticagrelor tablets), Li'erban (rivaroxaban tablets), Xiaoxiong (avanafil tablets) and Qianweitai (silodosin capsules). The typical production process for these products is illustrated in the following flowchart.



BUSINESS

APIs

Most of the APIs used in our marketed products and for our drug candidate development are produced through our own chemical synthesis processes. The typical production process for our APIs is set forth in the following flowchart.



Collaboration with CDMOs

During the Track Record Period, we primarily outsourced the production activities of injectable products, such as Xiweina, Zuoyu, Weidagan and Pirui, and hormonal tablets, such as Dinuo'an, to CDMOs in China. We intend to continue to collaborate with CDMOs in the near term, as we believe it is cost-effective and efficient to engage CDMOs for these manufacturing activities.

When selecting CDMOs, we consider a number of factors, including manufacturing capacity, qualifications, geographic, track record, and pricing competitiveness. We conduct quality assurance audit programs to monitor and evaluate the services of our CDMOs. We enter into long-term master service agreements with our CDMO partners and place specific orders as our marketing and R&D activities require. Key terms of such agreements are set forth below.

- **Services.** The CDMO provides us with contract manufacturing services according to the types of deliverables, location, unit price, volume and requested delivery date specified by us, including but not limited to technology transfer batches, process validation batches, on-site inspection batches, and commercial production batches.
- **Quality control and GMP compliance.** CDMOs are required to maintain valid Drug Manufacturing Permits within the scope of contract products and ensure continuous GMP compliance throughout the contract period, meeting all technical, safety and environmental regulatory requirements.
- **Material supply arrangements.** We are responsible for the audit and approval of raw material suppliers, while material procurement responsibilities are allocated based on specific agreements, with CDMOs required to follow our specifications and quality standards.

BUSINESS

- ***Remedies for non-conforming products.*** We are entitled to remedies for products that fail to conform to our specifications and approved registration standards. The CDMOs are required to replace the non-conforming products and bear associated costs if the non-conformance is attributable to their operations.
- ***Payments.*** We are required to make payments to the CDMOs in accordance with the payment schedule set forth in the agreement, which is typically linked to the stages of the manufacturing process and the deliverables we receive, generally structured in milestone-based payments.
- ***Intellectual property rights.*** We own all intellectual property rights arising from the contract manufacturing processes. All technical documents, reports, original data, records and related materials generated during the manufacturing process belong to us.

For risks relating to our relationship with CDMOs, see “Risk Factors — Risks Relating to Dependence on Third Parties — We rely on third parties to support and conduct certain aspects of our business, and the inability of any of these parties to reliably carry out their contractual duties or meet expected timelines could adversely affect our business and prospects.”

SALES AND MARKETING

During the Track Record Period, our revenue was primarily derived from the sales of over ten marketed products, covering a wide range of therapeutic areas including immunology and inflammation, oncology, and other chronic disorders. Additionally, we generated a small portion of revenue from the sales of APIs and intermediates. Our promotional activities are executed primarily by our in-house sales and marketing team. We also work closely with distributors and third-party promoters to enhance the sales performance, brand recognition and market acceptance of our products.

Our Sales and Marketing Team

Our sales and marketing operations are managed by a dedicated team of professionals with strong sales capabilities and experience to support systematic planning and efficient network operations. As of December 31, 2025, we had 720 employees in our sales and marketing team. Our sales and marketing team is responsible for promoting our products through compliant commercial activities, including academic promotion, market demand research, and customer relationship management, which aims to expand market penetration of our products and drive sustainable revenue growth. We regularly provide in-house and external trainings to enhance the industry knowledge and marketing skills of our sales and marketing team. We have also put in place strict compliance measures and policies for our sales and marketing personnel, including anti-bribery and anti-corruption requirements. See also “— Environmental, Social and Governance Matters — Management Measures for ESG Issues — Anti-corruption.”

BUSINESS

Sales Channels

We primarily sell our products through distributors, who purchase our products and distribute them to hospitals and other medical institutions. We also sell directly or through our distributors to retail pharmacy chains. Our distribution model is in line with the industry norm in China’s pharmaceutical market, according to Frost & Sullivan. The following table sets forth a breakdown of our revenue by distribution channel for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Distributors	964,643	97.9	663,583	96.8	644,485	94.0
Direct sales	20,205	2.1	21,992	3.2	41,357	6.0
Total	984,848	100.0	685,575	100.0	685,842	100.0

Distributors

We operate a seller-buyer model with our distributors, where they take ownership of the drug products upon acceptance — assuming all associated risks, including unsold stock — and are not entitled to return the sold products unless in cases of product defects, incorrect shipments or verified transit damages. This definitive transfer of ownership is distinguishable from consignment or principal-agent models, as our distributors then independently distribute our products to hospitals, retail pharmacies, and other end customers. We believe our distribution strategy helps extend our coverage in a cost-effective manner while we retain proper control over our distribution network and marketing activities.

Distribution Network

Our distributor network includes well-established pharmaceutical distributors with nation-wide presence, as well as regional distributors with deep market penetration within specific geographic areas within China. As of December 31, 2025, our distribution network comprised 278 distributors across 31 provinces, autonomous regions, and municipalities in China.

One distributor, Hainan Haitai Medical Technology Co., Ltd. (“**Hainan Haitai**”), was one of our connected persons, with whom we conducted arms-length transactions. During the Track Record Period, the revenue we generated from sales to Hainan Haitai was RMB1.8 million. See also “Connected Transaction.” Save for the foregoing, to the best knowledge of our Directors, all of our remaining distributors during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties. None of the distributors who transacted with us during the Track Record Period and up to the Latest Practicable Date were controlled by our former or current employees, uses our brand or name (except where expressly authorized by us for specific promotional activities), or has received any material advance or financial assistance from us.

BUSINESS

The following table sets forth the movement of the number of our distributors for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year ⁽¹⁾	260	301	254
Addition of new distributors ⁽²⁾	92	41	65
Termination of existing distributors ⁽³⁾	51	88	41
Net increase/(decrease) in distributors	41	(47)	24
Number of distributors at the end of the year	301	254	278

Notes:

- (1) The numbers of distributors in this table are calculated on entity level, without combining distributors belonging to the same group.
- (2) New distributors refer to distributors who (i) had at least one transaction with us in the relevant year; and (ii) did not have any transaction with us in the immediately preceding calendar year.
- (3) Terminated distributors refer to distributors who (i) did not have any transaction with us in the relevant year; and (ii) had at least one transaction with us in the immediately preceding calendar year.
- (4) The relatively higher number of new distributors engaged in 2023 was primarily driven by our initiative to expand sales network for Li'erban and Kangmairui, as well as the addition of distributors for Xiwenan to meet the strong market demand during the COVID-19 pandemic. The higher number of terminations in 2024 resulted from our strategic decision to optimize our distribution network, coupled with the normalization of demand for Xiwenan.

Distributor Management

Each division within our sales and marketing team is in charge of the overall management of distributors of the specific products within its respective responsibility, ranging from selecting, monitoring, reviewing and managing risks associated with our distributors. We choose our distributors based on their demonstrated distribution capabilities, knowledge of their respective markets, creditworthiness, and operational scale. All distributors must hold the necessary licenses and permits for pharmaceutical sales and distribution.

Terms of Distribution Agreements

We typically enter into annual framework agreements with our distributors. Individual sales contracts or purchase orders are generally separately entered into or placed for each purchase. The following sets forth salient terms of our framework distribution agreements:

- **Term.** The typical duration of distribution agreements is one year.
- **Designated distribution area.** Distributors are generally not allowed to sell or distribute our products outside of their designated distribution areas.
- **Sales target and minimum purchase requirement.** Our agreements with distributors generally do not specify an agreed annual sales target or minimum annual purchase amount.
- **Resale price management.** We generally do not control the prices at which our distributors resell our products to their customers.

BUSINESS

- ***Inventory level.*** We generally do not require our distributors to maintain a minimum inventory level. Distributors are required to cooperate with us in regular inventory management and provide accurate, verifiable stock records. We reserve the right to restrict shipment quantities if our distributors’ inventory is higher than appropriate levels.
- ***Product return and exchange.*** Our distributors may inspect the products on delivery. Returns and exchanges are generally not allowed unless in cases of product defects, incorrect shipments or verified transit damages.
- ***Termination.*** We may terminate the agreement if our distributors, among others, (i) become insolvent, enter bankruptcy or liquidation; (ii) transfer substantial assets or equity interests to, or become subsidiaries of, our or our affiliates’ competitors; or (iii) fail to remedy any other material breach within the specified period.

Prevention of Cannibalization

We have implemented a multifaceted approach to minimize the risk of sales cannibalization among our distributors:

- (i) ***Geographic restrictions.*** We enforce geographic limitations, which clearly specify the designated distribution areas in our distribution agreements for each of our distributors and forbid sales beyond these areas.
- (ii) ***Exclusive distribution arrangements for public medical institutions.*** We appoint an exclusive distributor for each public medical institution and provide formal distribution authorization documentation to confirm such arrangements. This approach prevents inter-distributor competition at the institutional level.
- (iii) ***Product traceability controls.*** We require distributors to scan electronic codes throughout the distribution process, enabling monitoring of product flow and distribution channels. This traceability system allows us to detect unauthorized cross-territorial sales and channel violations.
- (iv) ***Enforcement measures and penalties.*** Once we detect such anomalies, including cross-regional or cross-channel sales, we promptly require the responsible distributors to halt all sales and shipments. If, under these circumstances, distributors continue to sell the products, we are entitled to impose penalties for further unauthorized sales, including fines and potential termination of distribution agreements.

Our Directors are of the view that the above measures are sufficient to mitigate potential cannibalization and competition among our distributors. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material cannibalization or competition among our distributors within the same geographical areas.

Prevention of Channel Stuffing

We have adopted various measures to prevent channel stuffing in our distribution network:

- (i) ***Demand-driven ordering.*** We do not have mandatory sales targets for distributors, which encourages distributors to order based on actual market demand and sales forecasts.

BUSINESS

- (ii) *Ownership transfer and return restrictions.* We adopt a sales model that transfers full ownership of goods at the time of acceptance, with returns generally not allowed during the contract term except for product defects, incorrect shipments or verified transit damages. This model shifts the responsibility and risk of unsold inventory to distributors, incentivizing them to order based on actual sales demand to reduce holding costs and obsolescence risk.
- (iii) *Product traceability controls.* Through mandatory scanning of electronic codes throughout the distribution process, we maintain visibility of product flow from our warehouses to end customers. This system enables us to monitor distributor inventory trends by comparing procurement volumes against downstream sales data, facilitating early identification of abnormal inventory accumulation.
- (iv) *Expiry date management.* We strictly prohibit the sale of expired pharmaceutical products. Given the limited shelf life of pharmaceutical products, excessive inventory accumulation exposes distributors to significant financial risk through potential product expiration and total loss. This creates a natural economic disincentive against inventory hoarding, encouraging optimal inventory turnover and preventing unnecessary stock accumulation.

Our Directors are of the view that the above measures are sufficient to mitigate channel stuffing risks. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any unusual procurements or sales activities by our distributors that may result in material channel stuffing risk or abnormally high inventory level in our distribution network.

Implication of and Compliance with the “Two-Invoice System”

We are subject to the “Two-Invoice System,” a pharmaceutical procurement policy designed and enforced by the PRC government to reduce drug prices by streamlining the supply chain. Under this system, only two invoices are allowed between manufacturers and hospitals or other medical institutions: one from the manufacturer to the distributor, and another from the distributor to the hospitals (or other medical institutions). This system — mandatory for public medical institutions but optional for private institutions — reduces potential markups by multiple layers of distributors, promoting pricing transparency and reducing costs for the public healthcare system. See also “Regulatory Overview — Overview of Laws and Regulations in the PRC — Other Laws and Regulations in Relation to Medical Industry — Two-invoice System.”

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we (i) had not been deemed to have violated or circumvented any law, regulations, rules or policies in relation to the “Two-Invoice System,” (ii) had not been disqualified from participating in public tendering processes in any province, (iii) were not subject to any administrative fines or penalties by the competent authorities in relation to the “Two-Invoice System,” and (iv) had not received any warning or notice from any competent authorities in relation to the compliance of the “Two-Invoice System.”

Direct Sales

We sell a small portion of our finished drug products directly through retail channels, including offline retail pharmacies and e-commerce platforms, and certain APIs and intermediates directly to pharmaceutical manufacturers. For the years ended December 31, 2023, 2024 and 2025, our direct sales amounted to RMB20.2 million, RMB22.0 million and RMB41.4 million, accounting for 2.1%, 3.2% and 6.0% of our total revenue, respectively.

BUSINESS

Marketing Activities

We organize and participate in academic conferences, seminars and symposia, engaging in discussions with healthcare professionals in our target therapeutic areas. Through these academic activities and knowledge sharing sessions, we enhance healthcare professional’ understanding of the clinical efficacy, safety and cost-effectiveness of our products. Additionally, we leverage digital marketing channels, such as healthcare websites and mobile applications, to deliver medical education content, and case studies to expand our presence and improve engagement efficiency.

To supplement our in-house promotion capabilities, we engage third-party promoters who assist us with professional product information dissemination, academic conference promotion, digital marketing campaigns, brand promotion and market research. These promoters help us collect market data relating to hospitals, physicians, product use, and product safety and efficacy, enabling us to optimize our promotional strategies and resource allocation. For the years ended December 31, 2023, 2024 and 2025, we engaged 67, 30, and 15 third-party promoters, respectively. The decrease in the number of our third-party promoters was primarily driven by our strategic decision to reduce reliance on external agents and strengthen our in-house sales and marketing capabilities. Key terms of service agreements with third-party promoters are summarized as follows:

- **Term.** Our service agreements with promoters typically have a term of one year.
- **Service.** The promoters provide us with services related to, among others, (i) online media and content services; (ii) offline channel promotion; (iii) hospital and community outreach support; and (iv) market analysis. We place orders for specific services.
- **Payments.** We typically make an advance payment upon execution of the agreement. Service fees are calculated on a unit-price basis by reference to the type and quantity of services specified in the service orders.
- **Intellectual property rights.** All intellectual property rights in connection with and arising from the performance of the agreements are owned by us.
- **Anti-bribery and anti-corruption.** Both parties are committed to adhering to anti-bribery and anti-corruption laws and the performance of ethical business practices throughout the promotion process.
- **Termination.** Either party may terminate the service agreement in the event of uncured material breach or violation of applicable laws and regulations by the other party.

PRICING

We formulate and implement comprehensive pricing strategies for our marketed products to maintain competitiveness and profitability in China’s pharmaceutical market. Our pricing decisions take into account multiple factors, including our R&D, production and marketing costs and expenses, the perceived value of our products to patients and healthcare providers, our market position and the competitive landscape. Additionally, our pricing strategies are significantly influenced by China’s regulatory framework governing pharmaceutical procurement and reimbursement, which operates through multiple interconnected mechanisms that collectively determine both market access opportunities and pricing parameters for pharmaceutical products in China’s public healthcare system. The regulatory regimes that directly impact our pricing and market access primarily include VBP schemes governing the purchase of drugs by public hospitals

BUSINESS

and medical institutions, and the NRDL governing insurance coverage and reimbursement standards. We continuously monitor regulatory developments and adapt our pricing strategies to navigate these complex mechanisms while maintaining sustainable business operations.

VBP Schemes

The national VBP scheme, coordinated by the National Healthcare Security Administration (“NHSA”), establishes unified procurement standards across participating provinces and regions. Inclusion criteria vary every year and products eligible for national VBP scheme typically include those with established clinical utility, significant market volumes and adequate competitive supply. Under VBP schemes, winning bidders receive guaranteed market share commitments in exchange for price reductions. This volume certainty provides predictable revenue streams but, to some extent, impacts profit margins compared to traditional procurement mechanisms. Provincial VBP schemes complement the national framework by addressing products not yet covered under national programs, generally following similar competitive principles adapted to regional market conditions.

As of December 31, 2025, five of our approved products were included in national or provincial VBP schemes, namely Kangmairui, Li’erban, Qianweilai, Weidagan and Pirui. See also “— Our Products.” While VBP participation provides volume certainty and expanded market access, it creates downward pressure on our product pricing and requires careful strategic consideration regarding our participation decisions and pricing proposals.

On January 31, 2026, the NHSA and other regulatory authorities jointly initiated a national follow-on VBP scheme for pharmaceutical products upon agreement expiry. Pursuant to this follow-on scheme, Jiangsu, Henan, and Guangdong were designated as lead provinces to organize national centralized procurements covering 315 drug varieties previously selected across the first to the eighth batches of the national VBP scheme. Five of our marketed products, including key products such as Kangmairui and Li’erban, were eligible to participate in this follow-on procurement and successfully won the bids in February 2026.

NRDL

The NRDL forms the basis for medical insurance coverage and reimbursement standards under China’s basic medical insurance, work-related injury insurance and maternity insurance programs. NRDL inclusion significantly influences market dynamics by determining patient access to insurance reimbursement for covered medications, thereby affecting both demand patterns and achievable pricing levels. The NHSA, in conjunction with other relevant government authorities, maintains authority over NRDL composition and updates the list through rigorous evaluation processes that assess clinical necessity, cost-effectiveness and budgetary impact. Products undergo comprehensive evaluation based on established selection criteria including clinical efficacy, safety profiles, therapeutic value compared to existing alternatives, and economic considerations.

As of December 31, 2025, eight of our approved products were included in the NRDL, including key marketed products such as Kangmairui, Li’erban, and Dinuo’an. See also “— Our Products.” NRDL inclusion represents both an opportunity for enhanced market access and a commitment to pricing frameworks that support broad patient accessibility within China’s healthcare insurance system. While NRDL inclusion provides substantial market advantages through enhanced patient accessibility and reduced out-of-pocket costs, it may also result in price adjustments through negotiated pricing mechanisms designed to balance patient access with healthcare system sustainability.

BUSINESS

For further details on the risks associated with the VBP scheme and other pricing regulations in China, as well as the NRDL and other government-sponsored medical insurance programs, see “Risk Factors — Risks Relating to Our Business and Industry.”

QUALITY MANAGEMENT

We have implemented comprehensive quality control procedures and protocols that span across the entire production lifecycle, from raw material sourcing till the delivery of final products, as well as our internal R&D activities to develop our innovative drug candidates. Our quality management framework operates in strict compliance with PRC applicable laws and regulations, including the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》) and Good Manufacturing Practice Standards for Drug Products (《藥品生產質量管理規範》), while incorporating principles and elements from international best practices. We have a dedicated quality management team that fulfills both quality assurance and quality control roles. The quality assurance team oversees the management and monitoring of our production process, while the quality control team focuses on the inspection and testing of raw materials, APIs/intermediates and finished products. As of December 31, 2025, we had 73 members in our quality management team.

Supply Chain Quality Control

Our supplier management framework maintains rigorous procurement standards and operational standards throughout our production processes. We have established comprehensive supplier management procedures that define supplier qualifications, selection criteria, quality assurance methods and standards, approval procedures, and quality audit protocols. Our supplier classification system utilizes whitelist and blacklist categories to promote consistent reliability in our supply chain operations. For new supplier selection, we conduct comprehensive on-site audits and assess track records, business scale, pricing competitiveness, and project execution capabilities. We execute quality agreements with major suppliers that specify quality specifications, delivery requirements and compliance obligations, while our quality management team conducts annual evaluations to ensure ongoing compliance with established standards. For more details regarding our supplier management measures, see “— Environmental, Social and Governance Matters — Management Measures for ESG Issues — Supplier Management.” We have developed flexible sourcing strategies, including identifying alternative suppliers capable of meeting our specifications and quality standards. Based on our assessment of the current supply landscape, we believe that adequate alternative sources are readily available. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disputes with our suppliers.

During the Track Record Period, the raw materials we procured primarily consisted of chemical reagents and chemical raw materials used in the production of APIs, as well as packaging materials and excipients required for finished drug products. These materials were primarily sourced from qualified suppliers located in China.

All materials we procure undergo inspection upon receipt according to standardized procedures. Our quality control personnel conduct batch sampling inspections and issue inspection reports indicating whether materials meet established quality standards. Quality assurance personnel review these inspection reports alongside acceptance and testing records to conduct comprehensive audit assessments. Based on assessment results, our quality management team head determines whether to approve the release of these materials for production use. Approved materials are stored according to specified storage conditions and utilized within designated shelf lives. Through these controlled procedures, we aim to minimize supply chain risks while maintaining precise management of the materials procured throughout our operations.

BUSINESS

Production Process Quality Control

All production processes operate according to detailed production instructions, protocols, and GMP standards to ensure consistent product quality. Our quality assurance personnel conduct rigorous monitoring at each production stage to oversee compliance with operational procedures and prevent deviations from established standards. Upon completion of batch production for APIs and intermediates, manufacturing personnel perform weighing and verification processes before storing them at designated stations. Samples are subsequently submitted to our quality control team for comprehensive testing according to established sampling management procedures. Quality control personnel collect and test samples before issuing API/intermediate product inspection reports for quality assurance review. Our quality assurance team conducts thorough audits that evaluate inspection results, process protocol adherence, operator performance, process control, environmental monitoring, deviation handling, and change management. Based on audit outcomes, on-site quality assurance personnel make final release decisions by issuing release or rejection notices for APIs/intermediates.

Finished Product Quality Control

Each batch of finished products undergoes comprehensive sample testing by our quality control personnel, who issue finished product inspection reports for quality assurance personnel’s review. Before delivering finished products to customers, all documentation relating to product quality, including batch records, laboratory testing records, production process records and other information that may impact product quality, are submitted to our quality assurance personnel for final review.

Our quality assurance personnel review all records in accordance with quality standards consistent with registration requirements and GMP standards. Finished products that fail to meet our quality standards cannot be released and are destroyed or otherwise disposed of according to established procedures. Only finished products that have received quality control approval are authorized for market distribution.

Inventory Management

We have established a comprehensive inventory management system to promote accurate, traceable and compliant management of materials and finished goods across procurement, warehousing and production. Each responsible department prepares and updates demand and procurement plans based on market conditions and production needs to maintain appropriate inventory levels. We conduct regular and ad hoc inventory counts and system reconciliations to monitor consistency between physical stock and system records. Identified discrepancies are investigated and adjusted through documented approval procedures. Our quality management team oversees warehouse management and storage conditions in compliance with GMP requirements, while our finance department reviews and audits inventory records on a periodic basis. We utilize a digital management system for inventory tracking and reconciliation, enhancing the efficiency and integrity of our inventory management.

Post-marketing Surveillance

We have established a post-marketing surveillance system to fulfill our regulatory obligations for drug safety monitoring and pharmacovigilance activities. Our surveillance framework includes ADR reporting, safety signal detection, and regulatory communication in accordance with applicable regulations. We have established a drug safety committee and dedicated pharmacovigilance department. Additionally, we utilize professional pharmacovigilance information systems and maintain safety databases to enhance pharmacovigilance management

BUSINESS

capabilities. Following comprehensive safety information assessment of our marketed products, we have developed post-marketing risk management plans/pharmacovigilance plans for each marketed product. We regularly conduct safety signal detection and risk assessment for our product portfolio. As of the Latest Practicable Date, no material safety risks had been identified for our marketed products.

PRODUCT RETURNS AND WARRANTIES

We have established a comprehensive internal control system to minimize the risks related to drug quality and safety to the greatest extent possible. For details about our post-marketing surveillance system, see “— Quality Management — Post-marketing Surveillance.” During the Track Record Period and up to the Latest Practicable Date, we did not have any product recall due to quality issues.

We generally do not accept any product returns and exchanges, except for product defects, incorrect shipments or verified transit damages. Our return and exchange procedures are managed by the respective business divisions with support from our finance department, quality management personnel, and warehouse operations. The return process is initiated through a formal return request submitted by the business manager of the relevant division. Following approval from the division head and our finance department, the business manager coordinates return logistics with our customers. Upon receipt, our warehouse personnel conduct initial inspection of returned goods, followed by comprehensive quality inspection and final review by our quality control personnel. For products determined to be defective due to manufacturing issues, we assume full responsibility for associated return and replacement costs. For details on our return policy with our distributors, see “— Sales and Marketing — Sales — Distributors — Distributor Management.”

We maintain robust procedures for collecting, analyzing, and responding to customer feedback and addressing quality-related concerns. Our sales and marketing team coordinates investigation and resolution of customer complaints to ensure appropriate follow-up and satisfactory resolution of identified issues. We have implemented detailed procedures for handling quality complaints and managing any adverse reactions reported in connection with our products, timely communicating with relevant parties to implement appropriate corrective measures when necessary. In line with industry practice, we do not provide express product warranties. During the Track Record Period and up to the Latest Practicable Date, the financial impact of product returns on our overall business operations was immaterial and we did not experience any material customer complaints, product liability claims, or other disputes arising from alleged product quality defects or safety issues.

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of third-party promoters, CDMOs and suppliers of raw materials, equipment, and construction services. For details regarding our procurement, see “— Quality Management — Supply Chain Quality Control.”

BUSINESS

For the years ended December 31, 2023, 2024 and 2025, our purchases from our five largest suppliers for each year amounted to RMB162.4 million, RMB111.7 million and RMB96.4 million, respectively, accounting for 29.1%, 33.3% and 32.5% of our total purchases for the respective year, and our purchases from our largest supplier for each year amounted to RMB46.4 million, RMB35.5 million and RMB36.6 million, respectively, accounting for 8.3%, 10.6% and 12.3% of our total purchases for the respective year. The following table sets forth details of our five largest suppliers for each year during the Track Record Period:

Supplier	Background	Products/ Services Purchased	Commencement of Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Total Purchase
<i>For the year ended December 31, 2025</i>						
Supplier A . . .	A private company headquartered in Beijing, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	30 days	36,604	12.3%
Supplier B . . .	A private company headquartered in Jiangxi, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2024	Advance payment	24,245	8.2%
Supplier C . . .	A private company headquartered in Guangdong, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	Advance payment	16,591	5.6%
Supplier D . . .	A private company headquartered in Jiangsu, China, primarily engaged in provision of drug R&D, manufacturing and sales and distribution	CDMO services	2020	50%: advance payment; the remaining 50%: 10 days	10,774	3.6%
Supplier E . . .	A private company headquartered in Hunan, China, primarily engaged in construction and related engineering services	Construction services	2024	Progress-based payment	8,200	2.8%
Total					96,414	32.5%
<i>For the year ended December 31, 2024</i>						
Supplier A . . .	A private company headquartered in Beijing, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	30 days	35,521	10.6%
Supplier F . . .	A private company headquartered in Anhui, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	7 days	26,977	8.1%
Supplier G . . .	A private company headquartered in Hubei, China, primarily engaged in construction and related engineering services	Construction services	2020	Progress-based payment	20,520	6.1%
Supplier H . . .	A private company headquartered in Jiangxi, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	7 days	15,470	4.6%
Supplier C . . .	A private company headquartered in Guangdong, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	7 days	13,176	3.9%
Total					111,664	33.3%

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BUSINESS

Supplier	Background	Products/ Services Purchased	Commencement of Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Total Purchase
<i>For the year ended December 31, 2023</i>						
Supplier G. . .	A private company headquartered in Hubei, China, primarily engaged in construction and related engineering services	Construction services	2020	Progress-based payment	46,409	8.3%
Supplier A. . .	A private company headquartered in Beijing, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	30 days	38,171	6.9%
Supplier F. . .	A private company headquartered in Anhui, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	7 days	33,472	6.0%
Supplier H. . .	A private company headquartered in Jiangxi, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	7 days	26,313	4.7%
Supplier C. . .	A private company headquartered in Guangdong, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	7 days	18,021	3.2%
Total					<u>162,386</u>	<u>29.1%</u>

To the best of our knowledge, (i) during the Track Record Period were Independent Third Parties; (ii) none of our Directors, their respective associates or any shareholder who owned more than 5% of our issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our five largest suppliers for each year during the Track Record Period.

CUSTOMERS

During the Track Record Period, our customers primarily consisted of our distributors. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers for each year amounted to RMB787.9 million, RMB497.0 million and RMB492.2 million, respectively, accounting for 79.9%, 72.4% and 71.8% of our total revenue for the respective year, and revenue

BUSINESS

from our largest customer for each year amounted to RMB332.3 million, RMB170.4 million and RMB191.2 million, respectively, accounting for 33.7%, 24.8% and 27.9% of our total revenue for the respective year. The following table sets forth details of our five largest customers for each year during the Track Record Period:

Customer	Background	Products Provided	Commencement of Business Relationship	Credit Terms	Revenue Contribution (RMB in thousands)	% of Total Revenue
<i>For the year ended December 31, 2025</i>						
Customer A . .	A public company listed on the Stock Exchange, primarily engaged in sales and distribution of pharmaceutical products, medical devices and healthcare products, as well as provision of pharmaceutical supply chain services	Finished drug products	2019	0–90 days	191,227	27.9%
Customer B . .	A private company headquartered in Beijing, China, primarily engaged in sales and distribution of pharmaceutical products, as well as provision of pharmaceutical supply chain solution services	Finished drug products	2019	0–90 days	98,536	14.4%
Customer C . .	A public company listed on the Stock Exchange and the Shanghai Stock Exchange, primarily engaged in R&D, sales and distribution of pharmaceutical products	Finished drug products	2020	0–60 days	95,415	13.9%
Customer D . .	A private company headquartered in Chongqing, China, primarily engaged in R&D, manufacturing, and sales and distribution of pharmaceutical products and medical devices	Finished drug products	2020	0–60 days	54,708	8.0%
Customer E . .	A private company headquartered in Guangdong, China, primarily engaged in provision of pharmaceutical supply chain solution services	Finished drug products	2020	0–45 days	52,318	7.6%
Total					492,204	71.8%

For the year ended December 31, 2024

Customer A . .	A public company listed on the Stock Exchange, primarily engaged in sales and distribution of pharmaceutical products, medical devices and healthcare products, as well as provision of pharmaceutical supply chain services	Finished drug products	2019	0–90 days	170,362	24.8%
Customer B . .	A private company headquartered in Beijing, China, primarily engaged in sales and distribution of pharmaceutical products, as well as provision of pharmaceutical supply chain solution services	Finished drug products	2019	0–90 days	145,128	21.2%
Customer C . .	A public company listed on the Stock Exchange and the Shanghai Stock Exchange, primarily engaged in R&D, sales and distribution of pharmaceutical products	Finished drug products	2020	0–60 days	85,279	12.4%

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BUSINESS

Customer	Background	Products Provided	Commencement of Business Relationship	Credit Terms	Revenue Contribution (RMB in thousands)	% of Total Revenue
Customer D . . .	A private company headquartered in Chongqing, China, primarily engaged in R&D, manufacturing, and sales and distribution of pharmaceutical products and medical devices	Finished drug products	2020	0–60 days	52,068	7.6%
Customer E . . .	A private company headquartered in Guangdong, China, primarily engaged in provision of pharmaceutical supply chain solution services	Finished drug products	2020	0–45 days	44,210	6.4%
Total					497,047	72.4%

For the year ended December 31, 2023

Customer A . . .	A public company listed on the Stock Exchange, primarily engaged in sales and distribution of pharmaceutical products, medical devices and healthcare products, as well as provision of pharmaceutical supply chain services	Finished drug products	2019	0–90 days	332,303	33.7%
Customer B . . .	A private company headquartered in Beijing, China, primarily engaged in sales and distribution of pharmaceutical products, as well as provision of pharmaceutical supply chain solution services	Finished drug products	2019	0–90 days	204,958	20.8%
Customer C . . .	A public company listed on the Stock Exchange and the Shanghai Stock Exchange, primarily engaged in R&D, sales and distribution of pharmaceutical products	Finished drug products	2020	0–60 days	107,637	10.9%
Customer D . . .	A private company headquartered in Chongqing, China, primarily engaged in R&D, manufacturing, and sales and distribution of pharmaceutical products and medical devices	Finished drug products	2020	0–60 days	94,248	9.6%
Customer E . . .	A private company headquartered in Guangdong, China, primarily engaged in provision of pharmaceutical supply chain solution services	Finished drug products	2020	0–45 days	48,731	4.9%
Total					787,877	79.9%

To the best of our knowledge, (i) all of our five largest customers for each year during the Track Record Period were Independent Third Parties; and (ii) none of our Directors, their respective associates or any shareholder who owned more than 5% of our issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our five largest customers for each year during the Track Record Period.

INTELLECTUAL PROPERTY

We have a global portfolio of patents to protect our drug portfolio and technologies. As of the Latest Practicable Date, we owned (i) 107 issued patents, including 74 in Chinese Mainland, four in the U.S., and 29 in other jurisdictions, and (ii) 109 patent applications, including 54 in Chinese Mainland, nine in the U.S., five in Europe, 22 under the Patent Cooperation Treaty (PCT) and 19 in other jurisdictions. The following table summarizes the details of the granted patents and patent

BUSINESS

applications for our selected marketed products and key drug candidates. For details, see “Appendix V — Statutory and General Information — B. Further Information About our Business — 2. Intellectual Property Rights — (b) Patents.”

Related Product	Scope of Patent Protection	Category	Registration No./ Application No.	Jurisdiction	Patent Holders/ Applicants	Expiration Date ⁽¹⁾
Xiweina 希为纳®	Preparation method of lyophilized sivelestat sodium for injection (西維來司鈉注射用凍乾粉的製備方法)	Invention	ZL 201410155703.1	PRC	Our Company, Jiangsu Huilun	April 17, 2034
Zuoyu 佐愈®	Lyophilized levofolinic acid for injection, preparation method therefor, and pharmaceutical use thereof (左旋亞葉酸凍乾粉針劑、其製備方法及其藥物用途)	Invention	ZL 200710038300.9	PRC	Our Company, Jiangsu Huilun	March 22, 2027
Dinuo'an 蒂诺安®	A refining method of dienogest (一種地諾孕素的精製方法)	Invention	ZL 202011607152.X	PRC	Our Company, Jiangsu Huilun, Hubei Huilun	December 30, 2040
HL-1186	New sodium channel modulator compounds and use thereof (鈉通道調節劑新化合物及其應用)	Invention	PCT/CN2025/074442	WIPO	Our Company	N/A
HL-1186	A type of sodium channel modulator and use thereof (一種鈉通道調節劑及其應用)	Invention	CN202380061834.0	PRC	Our Company	N/A
HL-1186	New sodium channel modulator compounds and use thereof (鈉通道調節劑新化合物及其應用)	Invention	CN202510111474.1	PRC	Our Company	N/A
YD0293	A type of peptidyl nitrile compound and use thereof (一種肽基腈類化合物及其應用)	Invention	CN202380016085.X	PRC	Yidian Pharmaceutical	N/A
YD0293	Peptidyl nitrile compound and use thereof	Invention	US18/728249	U.S.	Yidian Pharmaceutical	N/A
YD0293	Peptidyl nitrile compound and use thereof	Invention	EP23739998.5	EPO	Yidian Pharmaceutical	N/A
YD0293	PEPTIDYL NITRILE COMPOUND AND USE THEREOF	Invention	US19/448,849	U.S.	Yidian Pharmaceutical	N/A
H057	Pharmaceutical composition for inhalation (吸入用藥物組合物)	Invention	CN202180087447.5	PRC	Our Company, Jiangsu Huilun	N/A
H057	Pharmaceutical composition for inhalation	Invention	US18/259964	U.S.	Our Company, Jiangsu Huilun	N/A
H057	Pharmaceutical composition for inhalation	Invention	EP21914456.5	EPO	Our Company, Jiangsu Huilun	N/A

BUSINESS

Notes:

- (1) Patent expiration does not include any applicable patent term extensions.
- (2) There are no expiration dates for patent applications (N/A).

As of the Latest Practicable Date, we had 240 registered trademarks including 231 in Chinese Mainland, and filed eight trademark applications. As of the same date, we were also the registered owner of five domain names and had 23 software copyrights.

Beyond our standard employment agreement, we enter into additional confidentiality agreements with all our R&D personnel, which provide that all relevant intellectual property rights developed by them during their employment with us should become our intellectual property and are treated as trade secrets. We also follow specific procedures, such as patent searches, to minimize the risk of infringing on the intellectual property rights of others. In 2026, we engaged Jingtian & Gongcheng to conduct freedom-to-operate searches and analyses (“**FTO Analysis**”) in China with respect to certain of our innovative drug candidates, including HL-1186 and YD0293. Our Directors confirm that no substantial risk of infringement had been identified from the FTO Analysis in relation to these drug candidates.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any proceedings involving claims of infringement of intellectual property rights which may have a material adverse effect on our business, financial condition and results of operations. See also “Risk Factors — Risks Relating to Intellectual Property Rights — We may from time to time be involved in legal proceedings and disputes to protect or enforce our intellectual property rights, or defend against infringement and other claims alleged by third parties, which could be expensive, time consuming and unsuccessful.”

COMPETITION

China’s pharmaceutical market is highly competitive, characterized by a number of large domestic and multinational pharmaceutical companies, as well as some smaller emerging pharmaceutical and biotechnology companies. We face competition from these companies in various aspects including brand recognition, R&D capabilities, marketing activities, sales network, product efficacy and safety, and pricing. Our marketed products primarily compete with those indicated for similar conditions as our products on the basis of efficacy, price, brand recognition, and general market acceptance by medical professionals and hospitals. We believe our continued success will depend on our ability to develop innovative products and advanced technologies, develop and maintain an extensive product portfolio, maintain efficient operations and reliable quality standards, attract and retain talent, obtain and maintain regulatory approvals, and effectively market and promote our products. For details of the risks relating to the competition we may face, see “Risk Factors.” For further details on market opportunities and competition related to our products, see “— Our Products” and “Industry Overview.”

BUSINESS

EMPLOYEES

As of December 31, 2025, we had 1,420 full-time employees, all of whom were based in China. The following table sets forth the number of our employees by function as of December 31, 2025.

Function	Number of Employees	Percentage
Research and development.	256	18.0%
Manufacturing ⁽¹⁾	187	13.2%
Sales and marketing	720	50.7%
General and administrative	257	18.1%
Total	1,420	100.0%

Note:

(1) Including quality management personnel.

We recruit our employees primarily through online recruitment, campus recruitment, and headhunter referral. We conduct new employee training, as well as tailored training programs for employees in different positions in accordance with our internal policy and procedures. We enter into employment agreements with our employees that cover matters such as compensation, benefits, intellectual property assignment clause and grounds for termination. The remuneration package of our employees primarily includes salary, bonus and share-based compensation, which are generally determined by their qualifications, industry experience, performance review, and seniority. We also enter into standard confidentiality and non-competition agreements with our employees. See also “— Environmental, Social and Governance Matters — Management Measures for ESG Issues — Employment Compliance.”

We have not established a labor union. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material labor disputes or strikes that may had a material and adverse effect on our business, financial condition, or results of operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

We believe a robust Environmental, Social and Governance (“ESG”) management system serves as the cornerstone of our sustainable development. To effectively oversee and implement ESG initiatives and advance our objectives, we have established a systematic ESG governance structure: (i) Board of Directors: our Board holds ultimate responsibility as the highest governing body for managing, and the public disclosure of, our ESG matters; (ii) Audit Committee: our Audit Committee formulates ESG strategies, reviews ESG-related risks and material issues, monitors ESG performance against established targets, and evaluates ESG policies; and (iii) ESG Working Group: our ESG Working Group identifies and manages ESG-related matters and issues during our ordinary operations, and formulates relevant policies and action plans. It is also responsible for promoting ESG implementation, and public disclosure of ESG-related information.

BUSINESS

Identification and Assessment of ESG Risks

We place great importance on stakeholder engagement and proactively identify and respond to their expectations and concerns. Based on stakeholder focus areas, the nature of our business and third-party professional advice, we have identified the following material ESG issues, and analyzed their potential risks and opportunities:

Material Issues	Potential Risks/Opportunities
Environmental Protection	Environmental management is essential to corporate sustainability. An effective environmental management system reduces environmental impacts, protects ecosystems, and promotes balanced economic, social and environmental development.
Product Responsibility	Deficiencies in clinical trial design, inadequate production quality controls or insufficient post-market surveillance may result in patient harm, medical disputes, and damage to our reputation and market confidence.
Employee Rights and Development	Technical talent is critical to competitiveness. Attracting and retaining high-caliber professionals ensures the continuity and stability of our products and technologies.
Business Ethics and Anti-Corruption	Compliant operations foster stakeholder trust and promote long-term and healthy development of our business. Deficiencies in business ethics governance or misconduct may harm brand value, increase litigation and penalty costs, and affect market competitiveness.
Occupational Health and Safety	Occupational health and safety risks may result in reduced productivity, operational disruptions and compensation costs due to employee injuries.

In response to the ESG risks identified above, we have established corresponding risk prevention and control systems and management measures to minimize their potential impact on our operations. Through comprehensive and systematic policies and management frameworks, we effectively manage potential ESG-related risks and ensure sustainable development.

Identification and Assessment of Climate-related Risks and Opportunities

Climate change poses severe challenges to human well-being and the Earth’s ecosystem. We recognize the potential impacts of climate change risks on our business, including effects on our business and supply chain stability, reputational damage and increased transformation costs. Taking into account our actual conditions and industry trend analysis, we have identified the following climate-related risks and opportunities:

Risk Type	Climate-related Risks	Climate-related Opportunities
Physical Risks	Increasing frequency of extreme weather events and rising average temperatures caused by climate change may adversely affect our operations. If our or our key suppliers’ assets or facilities (such as R&D centers and laboratories) are located in areas vulnerable to floods, typhoons, wildfires or other natural disasters, we may incur additional costs for the maintenance or reconstruction.	/

BUSINESS

Risk Type	Climate-related Risks	Climate-related Opportunities
Transition Risks . . .	Against the backdrop of global policies and markets transitioning toward low-carbon development, we may face stricter GHG emission policies and regulatory requirements on information disclosure, leading to additional GHG management costs and potential litigation risks.	As national policies become more stringent and markets continue shifting toward low-carbon practices, we implement energy-efficient lighting and install photovoltaic systems to reduce energy waste and enhance energy efficiency, thereby strengthening our reputation as a green and low-carbon company.

To better address the risks caused by climate change, we will continue to optimize energy use and GHG emissions management. By integrating green offices, green R&D and green production into every aspect of our ordinary operations, we enhance energy efficiency, gradually explore the use of clean energy, and reduce our operational carbon footprint.

Environmental and Climate-related Indicators and Targets

Our environmental performance indicators during the Track Record Period were as follows:

Indicator	Unit	2023	2024	2025
Emissions				
GHG Emissions⁽¹⁾				
Scope 1 GHG Emissions	tCO ₂ e	13.47	12.50	9.22
Scope 2 GHG Emissions	tCO ₂ e	6,489.46	7,075.47	6,169.67
Scope 3 GHG Emissions	tCO ₂ e	9,926.91	7,030.90	6,676.41
Total GHG Emissions (Scope 1 + Scope 2)	tCO ₂ e	6,502.93	7,087.98	6,178.89
Intensity of GHG Emissions (Scope 1 + Scope 2)	tCO ₂ e/RMB10,000	0.07	0.10	0.09
Waste				
Total hazardous waste	ton	882.90	795.13	597.81
Intensity of hazardous waste	tons/RMB10,000	0.01	0.01	0.01
Use of Resources				
Water Resources				
Total water consumption	ton	73,206.00	46,041.00	38,038.00
Intensity of water consumption	tons/RMB10,000	0.74	0.67	0.55
Comprehensive Energy Consumption⁽²⁾				
Comprehensive energy consumption (direct)	MWh	55.98	51.58	38.01
Comprehensive energy consumption (indirect)	MWh	8,960.85	8,992.80	8,334.37
Total comprehensive energy consumption	MWh	9,016.83	9,044.38	8,372.38
Intensity of comprehensive energy consumption	MWh/RMB10,000	0.10	0.13	0.12

Notes:

- (1) Scope 2 GHG emissions include purchased electricity and steam. The data of Scope 2 GHG Emissions was calculated according to the 2022 average national grid emission factors set out in the *Announcement on Issuing the 2022 Electricity CO₂ Emission Factor* issued by the Ministry of Ecology and Environment. Scope 3 GHG emissions include purchased goods and services.
- (2) Comprehensive energy consumption indicators were calculated according to (GB/T 2589–2020) *General Rules for Calculation of the Comprehensive Energy Consumption* and other bases.

BUSINESS

Our environmental targets, which cover the R&D and manufacturing facilities that are currently in operation, are as follows:

GHG Emission Target	We plan to reduce GHG emission intensity by 5% by 2026 compared to 2024.
Water Resource Target	We aim to reduce water consumption intensity compared to 2024.

We consistently enhance the efficiency of water and energy usage while reducing the intensity of pollutant emissions. Aligned with our business conditions, we will optimize our environmental management system, and continuously manage and monitor the performance of energy and water management to guide our energy conservation and consumption reduction initiatives.

Management Measures for ESG Issues

Environmental Protection

We strictly comply with the laws and regulations where we operate, including the *Atmospheric Pollution Prevention and Control Law of the PRC* (《中華人民共和國大氣污染防治法》) and the *Water Pollution Prevention and Control Law of the PRC* (《中華人民共和國水污染防治法》). We have established comprehensive environmental management policies, including our *Energy Use Management Policy* and *Hazardous Waste Management Policy*, to continuously manage and monitor the environmental impact in our operations.

We have established a three-tier governance framework. General manager is responsible for setting environmental goals and approving resource allocation. The management level consists of the Environment, Health and Safety (“EHS”) department and an EHS working group. The EHS department leads policy development, monitors compliance, and oversees key processes such as wastewater pre-treatment, waste classification, and recycling. The EHS working group breaks down environmental targets into actionable tasks for each business unit and facilitates cross-functional emission reduction efforts.

Energy Conservation

By upgrading equipment and adopting clean energy alternatives, we actively promote green production and operations and are committed to reducing carbon emissions and environmental impact. The measures we have adopted include: (i) LED replacement: We have replaced 150 traditional lighting fixtures in new and existing API production lines with LED lights, saving approximately 54,000 kWh annually; (ii) Air conditioning optimization: The manufacturing system implements scheduled shutdown of air-conditioning units during non-production hours, which saves approximately RMB130,000 in electricity costs per month and significantly reduces unnecessary energy consumption; and (iii) Renewable energy application: Solar photovoltaic systems installed in our manufacturing facility and office areas in Hubei generate 360,000 kWh annually (equivalent to approximately 120 tons of standard coal), reducing carbon dioxide emissions by approximately 320 tons yearly and significantly lowering our carbon emission.

Emissions and Waste Management

We strictly manage the emission of exhaust gas, wastewater and waste from our production and operational activities. We have obtained pollution discharge permits for all production activities and are committed to achieving 100% compliance in wastewater discharge, air emissions, and noise control. Our management measures include: (i) Air pollutants: Air emissions generated from API production include material transfer exhaust, process exhaust, equipment cleaning exhaust, quality

BUSINESS

inspection exhaust and wastewater treatment exhaust, primarily consisting of volatile organic compounds. We employ a treatment system comprising “alkali spraying + demister + triple-canister resin adsorption and desorption” to ensure emission concentrations meet the Discharge Standards of Pollutants for Pesticides Manufacture; (ii) Water pollutants: The wastewater we generate includes production wastewater (such as cooling water and cleaning wastewater) and domestic sewage, with key pollutants being chemical oxygen demand and biochemical oxygen demand. We have designed and constructed a drainage system whereby wastewater is treated at an on-site wastewater station before discharged into the industrial park’s sewage network for final treatment by qualified entities; and (iii) Solid waste: Hazardous waste (such as used lubricating oil, spent activated carbon, and waste organic solvents) is packaged according to specifications, labeled and weighed by our EHS department, stored temporarily in hazardous waste warehouses before being transferred to qualified entities for compliant disposal.

Water Resource Management

The water conservation measures we have adopted include: (i) Condensate water recycling: We recycle steam condensate water in the API production process, reducing annual wastewater discharge by approximately 500 tons and significantly enhancing water resource utilization; and (ii) Water conservation awareness promotion: We promote water conservation awareness throughout the Company by posting water-saving reminders in water-use areas, encouraging employees to turn off taps promptly, prevent water leaks, and practice mindful water usage.

Packaging Material Management

Packaging recycling: We collaborate with suppliers through trade-in programs to recycle cardboard boxes and hardware consumables. We have optimized material packaging processes, such as using double-layer bags in upstream processes where the second layer does not contact materials directly and can be reused as waste bags in subsequent processes, reducing overall packaging consumption.

Packaging design optimization: For inner packaging materials, we reduce per-batch packaging consumption by optimizing layout design per board while maintaining consistent dimensions. For outer packaging boxes, we adjust size specifications (such as reducing length) to further decrease per-batch material requirements and minimize resource waste.

Product Responsibility

We adhere to our quality policy of “innovation first, rigor and pragmatism, quality above all and continuous improvement,” striving to meet our quality standards and satisfy customer requirements while ultimately ensuring the safety and efficacy of patient medication.

We conduct multi-dimensional annual quality reviews and organize internal and external quality audits to continuously improve our quality management system. During the Track Record Period, we successfully passed over 20 official inspections covering registration, GMP compliance, and regulatory supervision. In addition, we actively carry out internal and external quality training to enhance the quality awareness and capabilities of our employees. For details regarding our quality management measures, see “— Quality Management.”

We have established a comprehensive pharmacovigilance system to monitor, identify, assess and manage ADRs and other medication-related hazardous reactions, thereby minimizing drug safety risks and protecting and promoting public health. For details, see “— Quality Management — Post-marketing Surveillance.”

BUSINESS

Protection of Clinical Trial Participants

We are committed to safeguarding the rights and interests of clinical trial participants in strict compliance with applicable laws and regulations, including the *Drug Administration Law of the People’s Republic of China* (《中華人民共和國藥品管理法》), the *Administrative Measures for Drug Registration* (《藥品註冊管理辦法》), and the *Good Clinical Practice for Pharmaceutical Products* (《藥物臨床試驗品質管制規範》). In addition, we have implemented a series of internal standard operating procedures to provide full-spectrum protection for trial participants. Key measures we have adopted include: (i) Ethical review: All clinical trials must undergo review by an independent and impartial ethics committee; (ii) Informed consent: Prior to trial initiation, we are required to fully inform participants or their legal guardians of the purpose, procedures, potential risks, and benefits of the trial; and (iii) Participant protection: We explicitly assume responsibility for the diagnosis and treatment costs in the event of subject injury or death arising from the clinical trial. We are committed to providing timely and reasonable compensation or indemnification, thereby ensuring the health and legal rights of trial participants are fully protected.

Compliant Marketing Practices

We conduct all marketing and promotional activities in strict accordance with applicable laws and regulations. The design and production of our product packaging and labeling strictly follow the Provisions for the Administration of Drug Instructions and Labels (Order No. 24 of the NMPA) (《藥品說明書和標籤管理規定(局令第24號)》), ensuring the accuracy, clarity, and regulatory compliance of all product-related information.

Supplier Management

We are committed to building a reliable and sustainable supply chain and continuously enhancing our supplier management capabilities in support of stable operations and long-term growth. We have established the Supplier Management Procedure, which sets out standardized processes for supplier onboarding, approval, regular review, and change management. These procedures aim to regulate and improve the overall quality and consistency of our supplier management. At the supplier onboarding stage, our procurement team collects key information from potential suppliers and conducts preliminary assessments through questionnaires and on-site audits. Only suppliers that pass joint reviews and on-site audits conducted by multiple departments, including procurement, quality management, and technical teams, are approved for inclusion.

In terms of ongoing oversight, we conduct annual quality evaluations for suppliers involved in commercial production. These evaluations cover key metrics such as supply stability, audit compliance, delivery timeliness, and after-sales service. Suppliers are assessed using a standardized annual supplier quality evaluation form. We also take into consideration suppliers’ performance in ESG aspects as part of our overall supplier evaluation framework, for the purpose of promoting sustainable practices across the supply chain.

Anti-corruption

We continue to enhance our anti-corruption compliance framework through the establishment of internal policies and codes, including our Code of Business Ethics and related guidelines and rules addressing specific forms of misconduct. We have also established clear whistleblowing and complaint procedures, together with monitoring and supervisory mechanisms, to ensure timely identification and remediation of violations. We provide regular training, including mandatory induction and periodic refresher courses, to strengthen our employees’ understanding and

BUSINESS

implementation of policies concerning anti-bribery, extortion, fraud and anti-money laundering. All sales and marketing employees and third-party promoters are required to sign a compliance undertaking, ensuring consistent adherence to our compliance standards on anti-corruption.

Employment Compliance

We strictly comply with applicable labor and employment laws and regulations in the PRC. We have established internal policies such as the Recruitment and Employment Management Policy to ensure fair and lawful employment practices. We prohibit all forms of discrimination based on race, religion, gender, age, marital status, or any other protected characteristic, and strictly forbid the use of child labor or forced labor. We enter into employment contracts with all of our employees pursuant to applicable laws, and make contributions to their social insurance and housing provident funds. We have built a fair and transparent hiring and employment system. We maintain a competitive compensation framework based on the principle of equal pay for equal work. We regularly benchmark our compensation structure against industry standards.

Employee Training and Development

We recognize talent development as a core resource for sustainable growth and have established comprehensive training management systems, including Training Management Procedures (Manufacturing) and Employee Training Management Procedures. We design systematic curricula and implement rigorous assessments to ensure employees acquire the theoretical knowledge and practical skills required for their roles.

We have also established clear career progression frameworks that enable employees to advance based on merit and performance. We conduct regular, multi-dimensional performance evaluations to provide comprehensive and objective assessments of employee contributions. A multi-party review mechanism has also been adopted within the promotion process for the purpose of fairness and transparency.

Occupational Health and Safety

We have formulated an occupational health and safety management system and established the Employee Physical Examination Management Procedures according to relevant laws and regulations. We identify hazardous positions and associated risk factors every year, specify the requirements for pre-job, on-the-job and post-job occupational health examinations, and maintain individual health records for each employee. New or reassigned employees in hazardous roles are informed of occupational risk factors in advance, required to sign acknowledgment forms, provided with appropriate protective equipment, and given education and training. During employment, annual physical examinations are conducted, and job reassignment plans are developed to reduce exposure risks. In addition, we organize annual training sessions on health, hygiene and workplace safety, and hold emergency drills such as fire safety exercises.

With respect to production safety, we have strengthened the management of hazardous chemicals by implementing standardized procedures covering classification, labeling, storage, and disposal. Relevant departments prepare and strictly implement annual production safety training plans, including a series of training such as hazardous chemical handling and emergency response exercises. We have maintained a 100% training completion rate, reinforcing our preventive safety culture.

BUSINESS

Social Welfare

We actively fulfill our corporate social responsibilities by supporting public health, education, and rural development initiatives. We sponsor local badminton tournaments to promote fitness and community engagement through sports. We support equal access to education by funding the construction of a village library in Yunnan, helping to create learning opportunities for children in remote areas. During the Track Record Period, we invested RMB5.9 million in public welfare and charity programs.

PROPERTIES

Owned Properties

As of December 31, 2025, we owned land use rights to one parcel of land in Zhijiang, Hubei, China, with an aggregate site area of approximately 126,307.8 square meters. As of the same date, there were three constructions in project on these parcels, which are intended for use as our manufacturing facilities. See also “— Manufacturing — Manufacturing Facilities.” We hold the valid titles for these parcels of land.

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), we need to comply with the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group’s interests in land or buildings, as we have property interest with a carrying amount of 15% or more of our consolidated total assets. The property valuation report produced by Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, set out in Appendix III to this document sets forth details of our owned land use right and constructed buildings thereon as of February 28, 2026. Asia-Pacific Consulting and Appraisal Limited valued these property interests at an amount of approximately RMB271.4 million as of February 28, 2026, including (i) market value in existing state of RMB116.7 million as of February 28, 2026, which does not take into account buildings on the property whose title certificates have not been obtained, and (ii) depreciated replacement cost of these buildings (excluding land element) of RMB154.7 million as of February 28, 2026, assuming the relevant title certificate has been obtained and they could be freely transferred. Save for the property interests disclosed in Appendix III to this document, no single property interest of our non-property activities has a carrying amount of 15% or more of our total assets.

Leased Properties

As of December 31, 2025, we leased 19 properties in Shanghai and Taizhou, primarily for our R&D and manufacturing facilities and office use, with an aggregate GFA of approximately 33,669 square meters. Our leases generally have a term ranging from three to 10 years. We assess the renewal of each lease individually at expiration, taking into account our business needs and the availability of alternative spaces. See also “Risk Factors — Risks Relating to Our Operations — Our leased properties may be subject to non-compliances or challenges that could potentially affect our future use of them.”

BUSINESS

INSURANCE

We maintain insurance policies as required by the applicable laws and regulations as well as based on our assessment of our operational needs and industry practice. Our insurance policies cover potential personal injury or property damage to subjects during clinical trials, liability insurance for workplace safety, and life science product liability insurance covering personal injuries or property damages caused by product defects or accidents. In line with industry practice, we have elected not to maintain certain types of insurances, such as business interruption insurance or key person life insurance. We believe that our existing insurance coverage is adequate for our current operations and consistent with the industry practice. See also “Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.”

We are also required to make contributions to the social insurance and housing provident funds in accordance with relevant PRC laws and regulations. See also “Risk Factors — Risks Relating to Our Operations — Failure to comply with relevant regulations relating to social insurance and housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects.”

AWARDS AND RECOGNITION

The table below sets forth a summary of the key awards and recognitions we have received.

Year	Award/Recognition	Granting Authority
2025	High-tech Enterprise (高新技術企業)	Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)
2025	Shanghai Municipal Enterprise Technology Centres (上海市級企業技術中心)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2025	Shanghai High-tech Achievement Transformation Project (Dienogest Tablets) (上海市高新技術成果轉化項目 — 地諾孕素片)	Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)
2024	Shanghai High-tech Achievement Transformation Project (Levofolinic Acid for Injection) (上海市高新技術成果轉化項目 — 注射用左亞葉酸)	Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)
2024	Specialized, Sophisticated, Distinctive, and Innovative SME in Shanghai (2024–2027) (上海市「專精特新」中小企業 (2024年–2027年))	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2024	Top 100 Research and Development of Chemical Drugs in China (中國化藥研發實力100強)	China Pharmaceutical R&D Innovation Summit (中國醫藥研發 • 創新峰會)
2024	Top 10 Pharmaceutical Enterprises (十大醫藥先鋒企業)	MD Weekly (《醫師報》社)
2022	Shanghai Science and Technology Little Giant Enterprise (上海市科技小巨人)	Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)

BUSINESS

LICENSES, PERMITS AND APPROVALS

We are subject to regular inspections, examinations and audits, and are required to maintain or renew the necessary permits, licenses and certifications for our business. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in the PRC. The table below sets forth the relevant details of the material licenses and permits we currently hold.

License/Permit	Holder	Issuing Authority	Issue Date	Expiration Date
Drug Production License (藥品生產許可證) (滬20220242)	Our Company	Shanghai Medical Products Administration	June 11, 2025	May 18, 2027
Drug Production License (藥品生產許可證) (蘇20160408)	Jiangsu Huilun	Jiangsu Medical Products Administration	July 14, 2025	September 25, 2030
Drug Production License (藥品生產許可證) (鄂20240481)	Hubei Huilun	Hubei Medical Products Administration	June 13, 2025	October 23, 2029
Pollutant Discharge Permit (排污許可證)	Jiangsu Huilun	Taizhou Bureau of Ecology and Environment	December 29, 2023	December 28, 2028
Pollutant Discharge Permit (排污許可證)	Hubei Huilun	Yichang Bureau of Ecology and Environment	September 8, 2023	September 7, 2028

LEGAL PROCEEDINGS AND COMPLIANCE

We are committed to maintaining high standards of compliance with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, none of us or our Directors were involved in any litigation, arbitration or administrative proceedings which could have a material and adverse impact on our business, financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations.

However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, could result in substantial costs and diversion of our resources, including our management’s time and attention. For a discussion of the potential impact of legal or administrative proceedings on us, see “Risk Factors — Risks Relating to Our Operations — We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.”

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations, and we believe that risk management is important to our success. See “Risk Factors” for a discussion of the key risks and uncertainties we may face. We have established our risk management systems to identify, assess, monitor and mitigate the risks that may hinder our success including strategic risks, operational risks, financial risks and legal risks.

To monitor the ongoing implementation of risk management policies and corporate governance measures after the [REDACTED], we have adopted, or will continue to adopt, among other things, the following risk management measures.

BUSINESS

- Our Board will continue to oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving annual working plan and annual report of our corporate risk management; (iii) monitoring the most significant risks associated with our business operation and evaluating our management’s handling of such risks; (iv) assessing our corporate risk in the light of our corporate risk tolerance; and (v) ascertaining the appropriate application of our risk management framework across our Group.
- Our finance, legal, human resources and other relevant departments will be responsible for (i) developing our risk management policy and reviewing major risk management issues within our Company; (ii) creating the annual risk management plan and report; (iii) offering guidance on our risk management approach to relevant departments and supervising the implementation of our risk management policy; (iv) reviewing reports on key risks from relevant departments and providing feedback; and (v) conducting education and training related to risk management.
- Our finance, legal, human resources and other relevant departments will be responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. To standardize risk management across our Group and establish a common level of transparency and performance, these departments will (i) gather information about risks related to their operations or functions; (ii) conduct risk assessments, which include identifying, prioritizing, measuring, and categorizing all key risks that could potentially impact their objectives; (iii) continuously monitor key risks related to their operations or functions; (iv) implement appropriate risk responses as needed; (v) develop and maintain mechanisms to facilitate the application of our risk management framework; and (vi) promptly report any material risks to relevant departments.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant, or the Internal Control Consultant, to perform certain agreed-upon procedures, or the Internal Control Review, in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Group’s entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, human resources and payroll management, general controls of IT system, taxation management, contract management, and other procedures of our operations. The Internal Control Consultant performed reviews on the internal control systems of our Group during January 2026. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group’s internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement.

- We have implemented a range of measures and procedures covering various aspects of our business operations, including related party transactions, risk management, anti-bribery and anti-corruption, sanctions law compliance, intellectual property protection, environmental protection, and occupational health and safety. For more information, see “— Intellectual Property” and “— Environmental, Social and Governance Matters.” As part of our employee training program, we regularly provide training on these measures and procedures to our staff.

BUSINESS

- Our Directors, who are responsible for overseeing the corporate governance of our Group, will, with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations following the [REDACTED].
- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.
- We have engaged Somerley Capital Limited as our compliance advisor to provide advice to our Directors and management team until the end of the first fiscal year after the [REDACTED] regarding matters relating to the Listing Rules. Our compliance advisor is expected to ensure our use of funding complies with the section headed “Future Plans and [REDACTED]” in this document after the [REDACTED], as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.